Daily Report

Latin America

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CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

CARIBBEAN

Cuba

Foreign Ministry Notes Iraq-Iran Peace Agreement *[Havana TV]* 1
Castro Meets With Undefeated Baseball Team *[Havana TV]* 1
Former President Ortega on FSLN Defeat *[Havana TV]* 1

Dominican Republic

* Abuse of Haitian Workers' Rights Described *[EL SIGLO 5 Jul]* 4
* 'Haitian Problem' Defined *[EL NACIONAL DE AHORA 16 Jul]* 5

Haiti

FNCD Communique Supports State Council *[Port-au-Prince Radio]* 5
PDCH's Claude Holds News Conference 16 August *[Port-au-Prince Radio]* 6
Radio Soleil Sister Station Inaugurated *[Port-au-Prince Radio]* 6

MEXICO

Foreign Secretariat Says Six Nationals in Iraq *[NOTIMEX]* 7

CENTRAL AMERICA

El Salvador

FMLN Attacks Presidential House, Garrison *[Mexico City NOTIMEX]* 8
Further on Attack Against Palace *[San Salvador Radio]* 8
Cristiani Unharmed in Attack *[San Salvador Radio]* 8
De Soto Calls Negotiations 'Very Difficult' *[San Jose Radio]* 8
Government Says Talks Set Back *[San Jose Radio]* 9
Larios on FMLN's Stance on Army *[ACAN]* 9
FMLN Adviser on Negotiations, Vargas Statements *[San Salvador Radio]* 9
Vargas Replies to Mena's Comments *[LA PRENSA GRAFICA 20 Aug]* 11
FMLN Demands Government Accept Proposals *[Mexico City NOTIMEX]* 12
Reports on FMLN, Army Fighting 13-16 Aug *[Radio Venceremos]* 13

Honduras

Navy Increases Patrols To Stop Illegal Fishing *[ACAN]* 14

Nicaragua

Energy Institute Official on Hike in Oil Prices *[Managua Radio]* 15
Daniel Ortega Agrees With Pichardo's Ouster *[Managua Radio]* 15

Panama

Adviser on Passage of Iraqi Ships, Asylum-Seekers *[Panama City Radio]* 16
Editorial Views Possible Increase in Fuel Prices *[EL PANAMA AMERICA 18 Aug]* 16

Relatives of 20 Dec Casualties Hold March *[Panama City TV]* 17
National Reconciliation Commission Report *[LA PRENSA 15 Aug]* 17
Pilot of Hijacked Plane Released Near Colombia *[Panama City Radio]* 21

SOUTH AMERICA

Brazil

Collor Addresses Nation on Economic Situation *[Rio de Janeiro TV]* 22
Minister Rezek Surveys Foreign Policy Issues *[O ESTADO DE SAO PAULO 19 Aug]* 22
Officials Say U.S. Gulf Policy 'Unfeasible' *[O ESTADO DE SAO PAULO 19 Aug]* 25
INPE, U.S. To Begin Amazon Research Effort *[Brasilia Radio]* 25
Blackout in Goias, Federal District Reported *[Rio de Janeiro TV]* 26
* Businessmen Evaluate New Industrial Policy 26
* Pros, Cons Assessed *[ISTO E 4 Jul]* 26
* Economy Minister Interviewed *[ISTO E 4 Jul]* 30

Chile

Pinochet Opposes Sending Chilean Troops to Gulf *[Santiago Radio]* 31
Krauss on Aylwin's Role Over Armed Forces *[Santiago Radio]* 32
UN To Mediate Release of Citizens in Iraq *[Santiago TV]* 32
Argentine Foreign Minister Concludes Visit *[Buenos Aires DYN]* 32
Gladys Marin Comments on Communist Party Status *[APSI 15-21 Aug]* 33
Carbineros Director Stange Departs for U.S. *[Santiago Radio]* 35

Colombia

Commentary on Dangers of Increased Oil Production *[EL TIEMPO 11 Aug]* 35
Kuwaiti Ambassador Thanks Country for Support *[Bogota TV]* 36

Ecuador

Borja State of the Nation Speech *[Quito Radio]* 36
Borja: Country Favors Holding OPEC Meeting *[Quito Radio]* 49

Peru

Second Vice President Denies Resignation Rumors *[Lima TV]* 49
Unions Disagree on Strike; Law To Be Enforced *[Madrid EFE]* 50
* Mining Industry Losses Signal 'Collapse' 50
* Production Capacity Minimal *[EL COMERCIO 15 Jul]* 50
* Gold Purchases Suspended *[EL COMERCIO 11 Jul]* 51

Uruguay

Foreign Minister Urges East-South Dialogue *[Stockholm DAGENS NYHETER 14 Aug]* 51

Venezuela

Perez Says Oil Production Increase Definite *[Caracas TV]* 53
* Polls Reveal Presidential Hopefuls, Discontent 53
* Caldera Favored *[EL UNIVERSAL 11 Jul]* 53
* Opinion on Various Issues *[EL UNIVERSAL 9 Jul]* 54

Guyana

IDB, Government Launch Health Care Project *[CANA]* 55

Cuba

Foreign Ministry Notes Iraq-Iran Peace Agreement

FL2008184090 Havana Tele Rebelde Network in Spanish 1700 GMT 20 Aug 90

[Text] The Cuban Foreign Ministry [Minrex] today issued a declaration noting the recent agreements between Iraq and Iran. Here is the complete text of the note:

Amid the alarming news on the Persian Gulf, we have noted with satisfaction that the governments of Iraq and Iran have agreed to put an end to the conflict between the two states. The war between brothers that shocked the world for over eight years, exacting great human and material losses from both countries, ended nearly two years ago with a cease-fire. There were still, however, many differences that threatened to break that fragile peace.

The agreements, the implementation of which have already been initiated, include the exchange of prisoners, the withdrawal of Iraq from Iranian occupied territories, and the acceptance of the borders established in 1975. All of these developments allow us to hope that a climate of peace and relaxation of tensions will develop between the two countries.

The Cuban Foreign Ministry salutes these results recognizing the efforts of the United Nations, its secretary general, and all entities involved in the pursuit of this goal. Today we recall the efforts of late Swedish leader Alof Palme and the permanent will of Cuba to find a political and just solution to the problem, particularly during the period President Fidel Castro was president of the Nonaligned Countries Movement.

[Signed] Ministry of Foreign Relations of Cuba.

Castro Meets With Undefeated Baseball Team

FL2108122590 Havana Tele Rebelde Network in Spanish 1100 GMT 21 Aug 90

[Text] Commander in Chief Fidel Castro, first secretary of the Communist Party of Cuba Central Committee and president of the Councils of State and Ministers, has met with the Cuban baseball team that just won the world championship in Edmonton, Canada.

The enthusiastic members of our undefeated baseball team arrived by plane before dawn. Shortly after, they met with Commander in Chief Fidel Castro who told them how happy our people were about the triumph. Fidel showed interest in various aspects of the development of the championship such as the pitching of Osvaldo Fernandez, the strength of the other teams, and details of the last game played against Nicaragua.

Servio Borges explained the special rules that were in effect because of a camera that was placed in center field. Fidel noted that he knew that four baseball players did not return now because they will participate in the all-star games and asked why Kindelan was not selected as the most valuable player. He was told that the most valuable player was never selected when a team ended up being so far behind from first place, as was the case of the China-Taipei team.

Former President Ortega on FSLN Defeat

FL2008171090 Havana Tele Rebelde Network in Spanish 0100 GMT 18 Aug 90

["Exclusive" interview with former Nicaraguan President Daniel Ortega by unidentified reporters, place and date not given; during "International View" program —recorded]

[Text] [Ortega] The military service exerted a lot of pressure on the youth. We wanted the draft to be voluntary, but those who volunteered asked why the others did not go as well. So, in fact, it turned into a mandatory military service. Since the war continued for so many years—it was a war that could not be decided in one battle, a war that went on year after year, around 10 years —this caused an erosion in what we called the nursery of combatants for the draft. We needed mobile forces composed of young people because physical fitness was very important. The good will to fight of an adult was not enough. Certain physical conditions were required to fulfill tasks in the clashes in the mountains to contain the counterrevolutionary forces, especially on the border with Honduras, and even to operate in Honduran territory in the mercenary camps as we did on several occasions.

I would say that since we could not lift the draft—we wanted to lift it, but we could not as long as there was the risk of the contras and the U.S. support to the contras—this was the factor that added votes against the FSLN [Sandinist National Liberation Front]. Even Sandinists, people who supported the revolution, voted against it because they already had two, three, or four children who had been killed and they did not want the fifth or sixth child to die.

[Reporter] It has been called the punishment vote.

[Ortega] A sort of a punishment vote. It was a kind of vote of desperation. The Nicaraguan people have been tormented people, tortured during all these years by the imperialist policy, and 41 percent of the population said: I will continue and will resist in spite of everything. There was a part of the population that gave in because they were faced with the pressure, U.S. threats and actions, and the suffering, and they agreed to give the vote to the enemy, to the opposition.

So, we could say this was the main reason. There are other factors that have to do perhaps with work methods and styles which are now being reviewed. They are going to be discussed during the first congress of the Sandinist National Liberation Front. We decided that we should not only come to some conclusions about the causes of

the electoral defeat, but also take immediate actions to strengthen the Sandinist Front as a vanguard of the struggle of the Nicaraguan people, as the vanguard in the defense of the revolutionary conquests. This is going to be discussed during the first congress of the FSLN.

We made the formal call for the first congress on 19 July. This is going to be a broad debate. We are inviting all the population to participate. Everyone who wants to participate can do so, no matter if he gave his vote to the United Nicaraguan Opposition [UNO]. In a second phase, a discussion of the documents is going to be held among the Sandinist forces, and then we will have the closing ceremony.

We were saying that we began the congress on 19 July with the call and it will end with the closing ceremony.

[Reporter] So in your view, the war situation was the cause of the 25 February defeat. Is that the main factor?

[Ortega] Yes, I would say that the military service was the basic factor. That was what caused people to vote against the FSLN. However, we thought that if we lifted the military service, we ran the risk of losing the forces capable of containing the contras in the countryside. The contras, which were strategically defeated but had a great force to carry out tactical actions, could group their forces and launch actions in the main cities and turn again into a strategic threat to the revolution. So, the elections would have not taken place and we would be fighting in the cities at this time.

Ultimately, I would say that although the electoral defeat was a blow for the Sandinist Front, the viability of the revolutionary project was strengthened because the contras were left without a supporting force. The contras were already very weak before the electoral defeat. However, with the front's electoral defeat, the contras were left without support. The U.S. policy is left without support, and this makes the disarmament of the contras in our country easier. This was the main goal we had during all these years, to neutralize and disarm the contras.

[Announcer] Viewer friends, "International View" is presenting tonight an analysis of the economic, political, and social situation of Nicaragua in an exclusive interview with Daniel Ortega, former president of the Republic of Nicaragua.

[Reporter] You were saying that despite the defeat there is a revolutionary reaffirmation in the Sandinist project. How do you explain this?

[Ortega] Yes, because we set out a revolutionary plan and project in which the front, from the moment it talked about elections within a multiparty framework, was liable to lose those elections. We were even liable to lose the first elections in 1984. Seven parties participated in those elections. We ran the risk of losing from the time we participated in those elections. However, that was part of the model we designed. That model had a big difference because it is a model with which deep changes took place in Nicaragua, deep changes in all the fields which give elections in our county a different meaning. Elections in Nicaragua are not the same as in other Latin American countries.

Suffice it to say that the only government among the Latin American countries in which this type of election takes place—a government that can feel certain that it is not going to be subjected to a coup—is the Nicaraguan Government. The Nicaraguan people are also the only people that can feel certain that the Army and the police are never going to shoot at the people, the workers, and the students. This is where the Nicaraguan revolution's contribution lies.

Thus, the electoral defeat is only a phase of the struggle which the Nicaraguan people are experiencing, as well as a reaffirmation of the revolutionary project. After the electoral defeat, I would say that the FSLN has not only been been able to recover its strength, but it has already been able to broaden its strength.

There is a feeling of emptiness, a feeling of disappointment among a large portion of the population that voted for UNO. This is a result of the economic measures the current government has implemented which have hit a broad sector of the population that used to receive the benefits of the revolution.

[Reporter] I would like to ask you, how do you assess Nicaragua's current situation after the defeat of the FSLN on 25 February?

[Ortega] The revolutionary project.... [changes thought] In spite of the defeat, because of the electoral defeat itself, and because of the FSLN's strength—it is the largest, there is no political force that is nearly as big as the FSLN—we are defending the revolutionary achievements from a better position. The irreversible changes that took place in our country were so beneficial that the workers, peasants, students, all the sectors of the population can wage this battle from a truly favorable position.

I would say that after the electoral defeat, we continued working for the main goal, which was the disarmament of the contras. On 19 April, the agreement was reached for the contras to disarm. Before the change of government, the contras signed an agreement for disarmament. The initial date for this was 25 April and the final date was 25 June. The great danger the Nicaraguan society faced—the counterrevolution was threatening stability in our country with a second army in our territory and in Honduran territory—was dismantled. The main instrument that the Yankees were able to organize, finance, and arm during these years disappeared. By 27 or 28 June it had totally disappeared.

The efforts in the political arena were added to the efforts in the arena of military confrontation. The contras were left without support to continue with its military actions. I would say that that continued to be

our main goal after the electoral defeat. As long as there was another army in the country—the contra army was the Yankee army—we were going to be constantly submitted to pressures, to blackmail, to weaken the nation's Army, the country's Army which is the Sandinist People's Army. [Words indistinct] a fundamental instrument in the defense of sovereignty and self-determination, which is the Sandinist People's Army, and the mercenary army, the contra army disappeared.

Then the government launched the economic measures in an attempt to solve inflation and the deficit problem within weeks. They created an expectation in the population that the situation was going to improve. There was also expectations about U.S. aid. The illusion was created that the United States was going to give enormous resources to Nicaragua and that the international community was going to do the same. This has not been the case. The outcome has been a small U.S. contribution and a small contribution from the international community. The government is set on implementing an economic adjustment program which generates great unhappiness, great unrest, not only among the population that voted for the Sandinist Front but also among the population that voted for UNO.

This resulted in the first strike in May and the second strike, which was a national strike, which began in June and ended in July. This strike was linked not only to the economic measures but also to a government attempt to return land to former landowners who are arriving in the country from Miami and other places.

The government had approved a law, Decree 10-90, to take away the land from the peasants by leasing it to them and transferring it back to the former owners. I would say that the main battle waged in this strike was the defense of that social area in the production field. We are talking about cotton and coffee-producing land, land for meat cattle, rice and basic grain-producing land, very good high-producing land, land in which a lot of investments were made during all these years. Many technological resources were taken to this land. Peasants have defended this land not only with their work but they have defended it against the counterrevolutionaries. The workers themselves—some 70,000 workers in some 90,000 lots of land—immediately set out to wage the struggle not to allow the return of the land to the hands of the former large landowners.

The strike focused on the defense of those achievements. There were other demands that had to do with the reactivation of other industries which have been hurt a lot by the economic measures, especially the textile and construction industries. Massive unemployment has occurred with the implementation of the economic measures. Over 7,000 textile workers are out of work, most of them women. Over 15,000 construction workers are out of work. This occurred, in addition to all the elements that go with it, because it has a chain reaction in economic activities, not only in the industrial but also in the commercial field. The economic measures affect more than the 7,000 or the 15,000. A few more thousands of people in other industrial and commercial activities are also affected.

The strike gained an enormous strength. It took rebellious tones inasmuch as barricades were placed in the cities for the first time since 1979. These were barricades to defend the achievements of the revolution, to defend the interests of the workers. Students joined them not only because of a sense of solidarity, but because the economic measures the government is taking was also going to cut the subsidy for the free transportation the revolution gave the students. The results were favorable.

In political terms the FSLN became united, the Sandinist presence was strengthened in the Nicaraguan society, other forces that had voted for UNO gathered around the FSLN. They realized that the FSLN does defend the popular interests. Decree 10-90 was canceled. This was the main battle we were waging. In addition, 11 out of 18 points the workers included in their demands were approved. In such a tense and violent situation, this was a true victory for the workers who were backed by the FSLN.

At a certain point, the government declared the strike illegal, illegitimate, and nonexistent and threatened a massive firing of the workers. The workers responded with the barricades. I would say that the extremist groups in the government—those who have refused to accept the revolutionary changes and attempt to interpret the electoral defeat as the victory of the counterrevolution and claim that Sandinism and the revolutionary achievements have to be eliminated—are fairly isolated and they became more isolated during the strike. They not only confronted the government, because they criticized it for holding talks with the workers and with the FSLN, but also formed a committee of national salvation parallel to the government.

It is headed by Vice President Godoy and other extremist groups. An alternative to the current government was created there. This alternative would need to count with the support of a U.S. intervention and the organization of military groups in our country's cities.

They ran and organized some bands but started to clash with the population. The population armed itself and started to clash with the bands until the police intervened and began to disarm these bands which were headed by these extremists. Attempts were made to add the former counterrevolutionaries to these bands. They failed in these attempts because the counterrevolutionaries did not join the conflict, they did not participate. Some peasant contras joined the Sandinist peasants in taking over farm land. There were isolated cases of contras who joined the armed groups that were organized in the city.

I would say that up to this point the Nicaraguan society is facing the challenge of strengthening the revolutionary project to the extent that an understanding between the more realistic sectors in the government and among the

workers can be achieved; so that the economic policy is discussed and agreed upon among the workers, the government, and producers. Currently, this economic policy is not agreed upon by the producers or the workers. The government has launched it in a unilateral way. Logically, this has caused a generalized unrest in the Nicaraguan society from various angles.

So, the challenge we face and the proposal we launched during the strike was a national dialogue between workers, the government, and producers so that the economic policy is discussed and can be used as a basis and starting point for an economic policy to solve the contradictions that will be present in Nicaraguan society. Undoubtedly, these contradictions will be present because the government is different from the Sandinista government, but I would say that the discussions would lie between those groups, the groups that favor the revolutionary achievements and those who want revenge. So far, the line that has prevailed is the most pragmatic one, the most moderate one which ultimately is the line that the Nicaraguan population can approve.

[Reporter] Do you believe that the FSLN will be prepared to win the next elections?

[Ortega] I am convinced that the FSLN is at the vanguard of the Nicaraguan people, that the FSLN is the greatest political force in our country. One has to take into account the fact that there are some 22 political parties in Nicaragua. The FSLN has the greatest strength over all these political parties. The FSLN is the first political force in the country. I am also convinced that the FSLN will return to the government in the next elections.

This is going to strengthen the revolutionary project because we would have a Sandinist Front that has gained experience and new strength from the opposition. I would say that in Nicaragua we are living a very rich revolutionary experience. It has to do with the nature of our process, the time in which the struggle took place in Nicaragua, and so forth. It gives us an opportunity because we have the real space to take back the government with greater strength.

Dominican Republic

* Abuse of Haitian Workers' Rights Described

90CA0087B Santo Domingo EL SIGLO in Spanish 5 Jul 90 p 11

[Editorial by Dr Jose B. Gautier]

[Text] Every year, starting in 1972, thousands of Haitian nationals have been taken prisoner in Haitian territory and illegally transported to Dominican territory as contraband. In collusion with immigration authorities of both countries, they are sold by the head to the highest bidder by specialized traffickers to work in the national sugar industry, and occasionally they are temporarily lodged in the yards of Dominican border military fortresses. Or, they are captured without Dominican legal documents in our territory in roundups conducted by Dominican soldiers anywhere in the country and, once caught, instead of being brought before the courts so they might be deported as illegal aliens, they are either forced or tricked into working as cane cutters in a land under government agrarian reform and attached to the socialized mills.

Thousands of Haitian nationals who also have no Haitian personal identification papers, either because there is no Civil Registry in the Republic of Haiti or who have no Haitian passport or personal identification papers, no first or last name, do not know how to read or write and speak only Creole, who are young, strong workers, are hauled in trucks like cattle from the border to the different sugar refineries of the State Sugar Council (CEA). Accompanied along the way by Dominican soldiers, they will work and live in subhuman conditions in unhealthy so-called cabins with no electricity, running water or bathrooms, not even latrines, and where garbage and waste are thrown onto the rooftops.

Access to such places is difficult because there are no roads or highways. The water they drink and which they use to wash comes from polluted streams or ponds. The food they eat is cooked in kettles in their huts on smoking, wood stoves made of three stones. They sleep on the dirty floor or in hammocks, men, women, and children mixed and stacked together, separated only by cardboard dividers. What are these human beings if not the slaves of the Dominican Government officials who use and exploit them, with no mercy or pity, in violation of the constitution and the law?

The president of the republic, Dr. Joaquin Balaguer, delegating authority to his foreign minister, Dr. Joaquin Ricardo, the secretary of labor, Dr. Prim Pujals, and the director of the State Sugar Council, Manuel Vinas Caceres, can supply authentic, documented proof to national and international public opinion to contradict this pro-slavery accusation already earned by Dominican governments for many years in diverse international forums, where economic sanctions are now being demanded against our country until this situation of injustice and violation of human rights is corrected. I repeat, they can supply authentic, documented proof on the legal contracting in Haiti of temporary workers of Haitian nationality and their transfer to the Dominican Republic, their legal entry into and exit from Dominican territory, and their legal residence permit authorized in accordance with the law. They can vouch for the validity of health certificates issued by the proper health officials of the thousands of Haitian nationals working as cane cutters for the national sugar company—apparently illegally—without any personal identification, work, or health documents, enduring subhuman living and working conditions, with no legal protection whatsoever. Likewise, the president can, through those same government officials, provide authentic proof of the existence, legality, and morality of work contracts signed between each of

the Haitian braceros and the state sugar company, with dates, place of signing, conditions, wages, duration, and so on, contracts that must be supported by the existence of a valid international treaty or agreement signed by the Dominican and Haitian Governments, approved by the National Congress, and in accordance with Dominican labor laws.

If such irrefutable, conclusive proof cannot be publicly exhibited, if these Haitian nationals working for the socialized sugar industry are not slaves of the Dominican Government, then what are they?

* 'Haitian Problem' Defined

90CA0087C Santo Domingo EL NACIONAL DE AHORA in Spanish 16 Jul 90 p 11

[Article by M.A. Velazquez-Mainardi]

[Text] The Haitian problem is as old as the republic, but has nevertheless never been studied by our governments with the proper attention and seriousness it deserved. As a result, it has grown worse and worse, year after year, becoming ever more complicated.

Given the scope of the problem, no longer is it merely an immigration problem, based on the illegal status of Haitians who cross the unprotected border we share with that neighboring nation and settle in our territory.

Absolutely not! Such is unfortunately not the case, for it has gone far beyond that framework. Not only have Haitians taken the place of Dominicans in certain areas of agricultural and industrial production, but they are also distorting what is specifically "national."

Indeed, the so-called Haitian bracero does not exclusively work, as he did until recently, in the sugar industry cutting cane, performing tasks Dominicans have traditionally considered denigrating because of the low pay as well as the harsh conditions to which they are exposed.

Haitians now cover a large part of all tasks involved in harvesting cacao, coffee, and rice and work in the construction industry as unskilled laborers. In such activities, as in cane cutting, they are paid day wages far below what is provided by labor laws, a violation of human rights.

This is where the responsibility of government officials for solving the Haitian problem in our country comes in, for they have made themselves the accomplices of unscrupulous owners and contractors who have managed over the years to set up an illegal and inhuman system of trafficking in men and women from the neighboring sister nation.

The problem has spilled over to the international level, and in Geneva, Switzerland, the ILO [International Labor Organization], that specialized agency of the United Nations, has repeatedly condemned the Dominican Republic for keeping Haitians in a state of semi-slavery, working, not only in the sugar industry, but in the previously mentioned areas as well.

Moreover, this problem is having an impact on other countries such as the United States, where measures are being adopted against the Dominican Republic that tend to affect advantages previously enjoyed in trade, specifically on the preferential sugar market.

The Dominican Government must draft a policy on Haitians with no repressive abuses and based on the geopolitical fact of the occupation by two different nations of the same island territory. This [is necessary] in order to seek harmonious relations resulting in a modus vivendi in which neither of the two hurts the other.

The border must first of all be closed to Haitians entering the country to remain in the national territory illegally. At the same time, we must send back those living in our territory under the same conditions and inflict harsh sanctions on contractors hiring Haitian workers in violation of labor laws.

Our country, which is now experiencing a serious economic and social crisis accompanied by a budding national uprooting—just as if it were in the process of denationalization—cannot afford the luxury of having our territory occupied by people from another culture, supplanting the very values on which the very Dominican nation is based.

The problem is more serious than our people imagine and it cannot continue to be treated lightly nor avoided.

Haiti

FNCD Communique Supports State Council

FL2008161290 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 17 Aug 90

[Text] There is still a big crisis in the government. The State Council has said that it is going to disapprove of all the policies of the executive branch of the government headed by Mrs. Ertha Pascal Trouillot.

Well, the National Front for Democracy and Change [FNCD] has now entered the struggle. The FNCD says it supports all the initiatives taken by the State Council with a view to satisfying the Haitian people's demands; and supports [Port-au-Prince Mayor] Irene Ridore in connection with the good work she is doing at Port-au-Prince City Hall.

The FNCD asks the Provisional Electoral Council [CEP] what it is doing, why it has not told the population about how the enemies of change are sowing division within it. The CEP should have informed the population about all of these things. Let us listen to a communique from the FNCD.

[Begin unidentified speaker recording] In view of the political and economic crisis and the hunger, fuss, and brigandage that the government of Mrs. Ertha Pascal Trouillot has increasingly caused to spread over Haiti—because of the way she has failed to respect the agreement that put her into power and also by the way she has pillaged the state coffers, after the population and staunch patriots waged such a struggle to uproot the government of Prosper Avril—the FNCD supports all the State Council's initiatives to get the population's demands satisfied as much as possible before the elections.

Also, the FNCD wholeheartedly supports Port-au-Prince communal magistrate Irene Ridore in the battle she is waging to put some order into that government administration [Port-au-Prince City Hall].

The FNCD asks the CEP what it is doing. The CEP volunteered to help the State Council and the rest of Mrs. Trouillot's government reach agreement. It is clear, however, that Mrs. Trouillot is respecting neither the commitments she made nor any of the population's demands.

The FNCD asks the CEP why it has not informed the population of the division the enemies of democracy are sowing within it, with a view to blocking the election preparations.

The FNCD asks the population; all staunch patriots and political organizations; all unions, workers, unemployed persons, merchants, and honest civil servants, to remain vigilant and get together to support the State Council, which is the legitimate government of the nation's population because it contains representatives from all sectors.

This communique is signed by 14 FNCD member-organizations. [end recording]

PDCH's Claude Holds News Conference 16 August

FL2008161890 Port-au-Prince Radio Metropole in French 1600 GMT 17 Aug 90

[Excerpt] [Announcer] Sylvio Claude's Haitian Christian Democratic Party [PDCH] does not intend to form an alliance with other political parties. This is what Reverend Claude said yesterday to the journalists he was meeting. Here is [reporter] Clarens' report.

[Clarens] The PDCH has not formed an alliance with any other political party, nor does it intend to do so. Reverend Claude, who made this statement during a news conference yesterday, meant to cut short persistent rumors about a possible alliance between the PDCH and the ANDP, National Alliance for Democracy and Progress. Claude, who is a presidential candidate, feels that to form an alliance with a political party with ideology different from that of the PDCH would be to renounce his own ideology, as well as to renounce it's alliance with the Haitian people.

We do not belong to the same political family, explains Claude. And for the edification of all heads of political parties who might wish to court the PDCH, Sylvio Claude warns that the party has already allied itself with Jehovah and with the Haitian people.

Regarding other rumors to the effect that the PDCH is financed by a North American institution, Sylvio Claude says: We are supported only by our members and sympathizers. Claude challenges all those who assert the contrary: Prove that we are financed or paid by the U.S. Embassy or any other North American institution.

Claude also addressed the Provisional Electoral Council [CEP] during this news conference held at PDCH party headquarters. PDCH president Claude warns the CEP not to stop organizing the elections, on any pretext whatsoever. The PDCH reproaches the CEP for not having begun to try to mobilize the population and the electorate through TV or radio ads. Reverend Claude also said that the PDCH is quite ready to participate in the November 1990 elections. Claude is convinced he can win. [passage omitted]

Radio Soleil Sister Station Inaugurated

FL2008174890 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 20 Aug 90

[Excerpts] The extended family of the media is growing daily in Haiti. In particular, the network of Catholic radios is progressing with the inauguration of RTA, Radio Tet Ansanm, which is Radio Soleil's little sister in the diocese of Jeremie.

Monsignor Willy Romelus, bishop of Jeremie, presided over the inauguration ceremony Saturday evening, amidst many priests and the faithful. [passage omitted]

Radio Soleil relayed this ceremony live on Saturday evening for all Haiti's Christians. [passage omitted]

Thus, Radio Tet Ansanm has just opened. It operates on 3 kilowatts. It is powerful enough to cover the entire Department of the Grande Anse and can even reach a number of points in other geographical departments of Haiti. The Grande Anse's radio, however, is not yet operating at full capacity. It is, for the time being, operating intermittently. It is operative for approximately two to five hours per day, depending on the circumstances. For the time being, however, we are sure that Radio Tet Ansanm is—if electric power is not out in Jeremie at present—relaying Radio Soleil's newscast live for the population of the Grande Anse. [passage omitted]

Foreign Secretariat Says Six Nationals in Iraq

PA2108044890 Mexico City NOTIMEX in Spanish 0317 GMT 21 Aug 90

[Text] Mexico City, 20 Aug (NOTIMEX)—The Foreign Relations Secretariat (SRE) reported tonight that six Mexican residents in Iraq are under the protection of the Spanish Embassy in Baghdad.

A communique issued by the Foreign Secretariat notes that the 31 Mexicans who live in Iraq and Kuwait are in satisfactory health.

It also explained that the report on the number and situation of fellow citizens in Baghdad was obtained from the Mexican Embassy in Cairo, Egypt.

The communique stated that Jose Refugio Ramirez, Dario Rodriguez, Ramiro Sanchez, Jose Luis Leon, Jose Luis Resendez, and Armando Gonzalez Benigno, who worked for Iraqi firms, are under the protection of the Spanish Embassy in that country.

It added that the Iraqi Embassy in Mexico stated that the government of Baghdad has accepted responsibility for the physical safety of the six Mexicans.

In the case of Kuwait, the nearest Mexican Embassy, which is in Saudi Arabia, has registered two men and 11 women, as well as 12 minors, most of them children of Mexicans married to Kuwaitis.

The Foreign Relations Secretariat reported that the Mexican citizens have not asked for permission to leave Iraq or Kuwait.

The Mexican Government reiterated that it will not spare any effort to ensure their protection and, if necessary, their immediate departure.

El Salvador

FMLN Attacks Presidential House, Garrison

PA2108031190 Mexico City NOTIMEX in Spanish 0235 GMT 21 Aug 90

[Text] San Salvador, 20 Aug (NOTIMEX)—Urban Salvadoran guerrilla commandos today attacked the Presidential House and an important Armed Forces garrison as well as other points of the Salvadoran capital.

At approximately 1900 today, the Farabundo Marti National Liberation Front (FMLN) attacked with rifle and gunfire the Armed Forces Commando Training Center and the Presidency.

The Modesto Ramirez Urban Commandos claimed credit for the action, which they labeled "Death to the Fascist Demagoguery" in a telephone call to a local radio station.

According to the rebels, the attack was carried out from two points with heavy and light artillery and with rifle fire, and was accompanied by the destruction of several electricity posts.

Civilian sources confirmed to NOTIMEX that at least 12 explosions were heard in San Salvador's southern sector in the densely populated San Jacinto neighborhood where the two installations are located.

A spokesman of the Salvadoran Green Cross confirmed that five civilians were wounded by shrapnel when an explosive device was set off in front of the Modelo market in the same San Salvador neighborhood.

Spokesmen of the Presidency confirmed the attack at approximately 2000, but they only said that "the situation is under control."

It was also reported that two explosive devices were set off in Santa Anita neighborhood, but they did not cause any casualties.

The Armed Forces have begun combing large areas with the support of air patrols.

Further on Attack Against Palace

PA2108033090 San Salvador Radio Cadena YSU in Spanish 0200 GMT 21 Aug 90

[Text] We have contacted the security personnel of the presidential palace, and they have confirmed that as of 2000 tonight the situation is completely calm. The situation is completely calm at the presidential palace. Heavy rifle fire in the area was reported, but it was confirmed that the situation at the presidential palace is completely normal. No regrettable incident has been reported.

However, it has been stated that near the government building there were incidents that the military authorities have confirmed.

This has been a thorough report on the incidents that occurred early this evening in the southern part of the capital, specifically near the presidential palace and also against the Armed Forces Commando Training Center, CICFA. There have not been any military casualties reported, but it has been learned that five persons were wounded by shrapnel from the explosions.

In other parts of the capital there have not been any regrettable incidents reported, only power fluctuations, but there have not been any actual power outages reported. It has also been learned that some utility poles were dynamited early this evening.

Cristiani Unharmed in Attack

PA2108043990 San Salvador Radio Cadena YSU in Spanish 0359 GMT 21 Aug 90

[Official communique No. 1 issued by the Government on 20 August—read by announcer]

[Text] Tonight at approximately 1900, a heinous and indiscriminate attack using mortars and high-powered bombs was staged in San Salvador, capital of El Salvador, against the densely populated area near the Presidential House. The attack resulted in civilian casualties and serious damage to humble homes. Some women, children, and elderly are trapped in the area, but Army units and volunteers are trying to rescue them.

At the same time that the cruel attack against civilians was taking place, other bombs exploded, damaging electricity posts and leaving several zones of the capital without power. One of the bombs fell inside the national zoo.

The attack occurred at a time when delegates of the government dialogue commission and a delegation from the FMLN [Farabundo Marti National Liberation Front] are meeting in San Jose, Costa Rica, under the arbitration of UN envoy Alvaro de Soto.

Salvadoran President Alfredo Cristiani left the Presidential House 15 minutes before the cruel attack began and is unharmed.

San Salvador, 20 August 1990

De Soto Calls Negotiations 'Very Difficult'

PA2008144[illegible] -- Radio Reloj in Spanish 1223 GMT 20 Aug 90

[Text] UN mediator Alvaro de Soto has said that the negotiations between the Salvadoran Government and guerrillas are very difficult, adding that the rapprochement that has taken place is not indicative of an impending agreement. He expressed the belief that progress has been made because both sides have explained their positions, but added that it is too soon to say whether this will lead to an agreement. De Soto said that the negotiations have stagnated because of the many

proposals presented by the guerrillas, who have called for a cease-fire as a condition for reaching agreements.

Both sides had agreed on a September deadline for reaching specific political agreements concerning certain issues and for agreeing on a cease-fire. However, even if these goals are accomplished by mid-September, the negotiations would have to continue in order to reach an agreement on a definitive cease-fire, UN mediator De Soto said.

De Soto added that so far, little progress has been made in reaching political agreements. These agreements are necessary for a cease-fire, and he added that a comprehensive document on all the agreements that have been reached has not yet been prepared.

The UN mediator said that progress on the key issue, the Armed Forces—which is considered the most difficult issue by both sides—is moving forward. Within this issue, the demilitarization of Salvadoran society is the basic problem, along with substantial changes within the Armed Forces.

In their latest proposal the guerrillas urged President Alfredo Cristiani to reorganize the Armed Forces. This would require substantial changes within the various branches of the Armed Forces and this, in the guerrillas' opinion, would allow the negotiations process to progress.

Government Says Talks Set Back

PA2008150190 San Jose Radio Reloj in Spanish 1200 GMT 20 Aug 90

[Text] The Salvadoran Government claims that the new FMLN [Farabundo Marti National Liberation Front] position will set back the peace process. Salvadoran Justice Minister Oscar Santamaria has said that the government must deal with a new position by the FMLN that alters the schedule of the talks and means a setback in the peace process. He said that many points of agreement had been reached previously and that it was expected to advance along those lines. Santamaria, who heads the Salvadoran Government delegation to the peace talks in San Jose, said that the altering of the schedule will set back the talks.

FMLN Commander Nidia said that there are still no points of agreement in this round of talks.

Santamaria said that the FMLN demands will not be met 100 percent. This is a process of dialogue and negotiation. Therefore, the very nature of the process makes us realize that positions must be flexible. The fact that the FMLN phrased its demands in such a way does not mean that they will be met. Agreements are reached gradually through the shifting of positions adopted by both sides. The Salvadoran Government, represented by Justice Minister Oscar Santamaria, has expressed its will to continue seeking agreements to attain peace for El Salvador.

The topic of the Armed Forces has taken up most of the time in this round of talks. The FMLN has introduced new demands and positions. The FMLN stresses that agreements must be reached regarding substantial changes in the Army. This does not mean that the Army must disappear immediately, according to FMLN guerrilla Commander Nidia.

The topic of the Armed Forces, which is considered the most delicate subject in the talks, has provoked even deeper differences between the two sides; however, both sides have expressed hopes that an agreement will be reached.

The government delegation said that the military actions that took place last night in San Salvador will intensify the struggle and will affect the peace talks.

Larios on FMLN's Stance on Army

PA2008231590 Panama City ACAN in Spanish 2206 GMT 20 Aug 90

[Text] San Salvador, 20 Aug (ACAN-EFE)—General Rafael Larios, Salvadoran defense and public security minister, today opposed a break in the peace talks, although he strongly criticized the proposal by the Farabundo Marti National Liberation Front on the dissolution of the Army. "There must not be a break. The (guerrilla) proposal constitutes an extreme and radical proposal intended to hamper and entangle the dialogue," the military chief noted.

In addition, Larios did not rule out the possibility that the rebels may be preparing a major military action. He warned that the guerrilla's "radical" stance on the Army "exhausts the topic at the negotiating table." The defense minister has also stated that "the Army is aware of the need for change and is totally prepared to reduce its size when the armed conflict disappears."

FMLN Adviser on Negotiations, Vargas Statements

PA2008230790 San Salvador Radio Cadena YSU in Spanish 1730 GMT 20 Aug 90

["Exclusive" interview with Francisco Mena Sandoval, military adviser to the Farabundo Marti National Liberation Front (FMLN) delegation at the peace talks in San Jose, Costa Rica, and former captain in the Salvadoran Armed Forces, by Mauricio Ramirez in San Jose on 20 August—recorded]

[Text] [Ramirez] Captain Mena, what is your assessment of the negotiation and Colonel Mauricio Ernesto Vargas' role?

[Mena] We view the negotiation as part of a war that has lasted approximately 10 years in our country. It is important to note that our people see a possibility of reaching a political solution to the war because the FMLN and the Armed Forces are at the negotiating table. However, it is also important to point out that at times the government's political willingness [words

indistinct] certain of its statements to the press that focus only on words and concepts rather than on the political ways to make the negotiation viable.

We must all understand that the Armed Forces issue is a difficult one that it is a [word indistinct] issue. I can say that I know the monster from inside, and this is why I am part of the FMLN delegation. I believe that the people have won the right to be considered as a military-political power. This is important, because the government and the Armed Forces have even denied that there is war in El Salvador. I believe that the FMLN is now nationally and internationally recognized. The government must realize this. It claims to speak on behalf of the people, but a close analysis shows that it does not really defend the people's interests.

The FMLN represents the people; it listens to the national clamor. This is why it is at the negotiation table. It has the political willingness to move forward. Our people must realize that the Armed Forces issue that is under discussion at this moment is a difficult one and that it is not possible to settle it in just one meeting. They must also understand that for the FMLN the Armed Forces issue is the key to the problem.

This is so because, historically speaking, as an institution it has been responsible for all the social injustice and repression in the country. The government delegation must realize that it could bring everything to a standstill and face the problems of war if its intention is to divert the people's attention with lies.

As for the presence of Col. Vargas, I believe that it is important for the military men to recall that around 1979 or 1980, as members of the institution, we attempted to redefine the role of the Armed Forces to change the mistaken role that it was playing in society.

Col. Vargas was my commander in the 2d Brigade in 1980, and I had the opportunity to exchange views with him on many occasions. I told him that the institution would be lost if it continued to act as it was. Perhaps he did not understand this at that time.

Col. Vargas and I are now facing each other at the negotiation table. I believe that he and the other military men must recall those moments to understand how the Armed Forces have acted throughout history and the objective outlook of the (?possiblities) that our society has to achieve a true democracy. The armed institution has, historically speaking, always blocked this goal.

This does not mean that there are no progressive sectors within the Armed Forces. Historically they have existed. We hope that there will be a specific move because those who opposed the 15 October movement, including Col. Vargas, could now be regretting not having supported the efforts of many of us captains and other officers to redefine the role of the Armed Forces. At that time we could have prevented the war that has been very costly to our society today.

[Ramirez] What is your opinion of the position or the statements made by Col. Vargas at the negotiating table? As you said, you are facing each other and we could-...[changes thought] He was your boss in 1979 when you were assigned to the 2d Brigade. What is your opinion of Col. Vargas' statements, taking into account that Commander Jorge Shafik Handal said that in Oaxtepec, Mexico, Col. Vargas displayed an open position and even said that much could be accomplished. However, [words indistinct] personal position and not his [words indistinct] [five-second break in transmission]

[Mena, in progress]...to the media that the FMLN's position shows a regression in the negotiation. I believe that, to some extent, this is manipulation because the FMLN proposal has been brought to the negotiating table to be discussed. I also think that when discussing the Armed Forces issue, Col. Vargas' arguments—as representative of the Armed Forces—are quite flimsy. He can say no on behalf of the institution and no on an individual basis, but he would find it difficult if he had to back up his argument. It is also important to stress that Col. Vargas uses a complex language that makes it difficult for our people to understand many things. He uses many philosophical terms that most people do not understand, which further confuses people. I also consider it important to point out that the FMLN has an advantage over the Army when defending the FMLN's proposals because of the historic role the Armed Forces have played and are playing at this time. Through the use of terror the military tries to prevent people from expressing their discontent, which extends from social injustice to repression by the security corps and the military.

[Ramirez] If no agreement is reached at this new round of talks, to what extent could the FMLN justify new violent incidents like those that took place in November 1989?

[Mena] Speaking about the military aspect, I would like to draw attention to some statements Col. Vargas made yesterday. He said it seems that the FMLN military arsenal has increased so as to hinder the negotiations. I believe that the opposite is happening. The FMLN has said over and over again that the war is continuing, and he, as a military officer, should understand this clearly. The negotiation is but a component, and problems may be solved here if the government comes up with feasible proposals. However, we are aware that the issue being discussed is a very difficult one. If the government tries to defend the Armed Forces, which are indefensible, and if the government insists the army issue has to be negotiated as they have proposed at various meetings, it is clear that we and our people have the right to question the government's lack of desire to hold specific negotiations and to make a decision. Perhaps the government delegation is not empowered to make a decision. The government and the Armed Forces should take this into account so that at a given moment they do not try to find a justification or try to hold the FMLN responsible, when in fact they are hindering the negotiation.

The military aspect is a component of the war, and we are at war. Therefore, Col. Vargas should not be surprised about FMLN operations. Col Vargas, the Armed Forces, or the government should not be surprised about an intensification of military actions at any specific time. Military actions are at a low level at this time because we are showing our goodwill at the negotiating table. However, we have a very clear objective, which is to defend the rights of our people. If we reach a deadlock, as happens sometimes, I believe the war would continue, and the military offensive could be overwhelming.

[Ramirez] The FMLN's proposal touches on the matter of the Jesuits' case in one of its points. As a military man, or former military man, with 19 years of experience, do you believe Colonel Guillermo Benavides masterminded this crime?

[Mena] This regrettable crime has moved international public opinion, religious organizations, and our Salvadoran people. I believe it will be difficult for anybody to accept that Col. Benavides was the mastermind behind this crime. Neither Col. Benavides nor any other colonel or Armed Forces personnel could have made such a big decision individually. Benavides did not have access to other military resources, as Colonel Sigifredo Ochoa has left [word indistinct]. Ochoa did not pursue the matter because he too has specific objectives and interests in the Armed Forces. Second lieutenants, lieutenants, captains, and all Armed Forces personnel should know for a fact that the top military command is responsible for this crime.

President Alfredo Cristiani and Rene Ponce, chairman of the Joint Chiefs of Staff, admitted they had ordered the raid a day before the crime, and this proves that they all [words indistinct] in the Jesuits' case. I believe the military meeting to accept a preconceived plan also shows that the top military command must have been [words indistinct] in depth in the murder of Father Ignacio Ellacuria, the other Jesuit priests, and their employees. [words indistinct] clearly noticeable that the top military command masterminded the crime. The United States itself knows this to be a fact.

We included [words indistinct] in the FMLN proposal that the impunity of the Armed Forces must stop. The Jesuits' case is a clear example of the meaning of the word impunity. It is an example of military impunity to the international community, congressmen, the social forces in the country, and especially military personnel, who understand military procedures and know what it means for Cristiani and Ponce to have accepted responsibility for the raid.

The time of the raid is very important. It was held at 1830 as night was falling. It is reported that a special unit from a special batallion [words indistinct] did not have a commander or responsible officer. The unit allegedly came only to carry out a mission and then it went elsewhere. The Armed Forces naively want us to accept that this unit moved on its own and had no commanding officer. I believe this point should also [words indistinct] in the Armed Forces.

The murder of the Jose Simeon Canas Central American University priests was a great loss to our society, but it has also left us something positive. It has become a symbol that allows our society and the international community to see the procedures used day and night by the Armed Forces against the people. It is an example of the Armed Forces' daily actions of repression in our society. The Armed Forces murder workers, peasants, teachers, and professionals in El Salvador every day, but of course their cases do not have the impact of the Jesuits' case. So the loss of the Jesuits also left us something positive: It demonstrated Armed Forces procedures and impunity.

[Ramirez] Do you want to make any additional comment for YSU listeners?

[Mena] We call on the people, mass organizations, social forces, and the private sector to jointly work to reach a political solution to the conflict. Let us reflect on the role played by the Armed Forces in our country throughout its history. Armed Forces personnel have a historic commitment at this time [words indistinct] and its responsibilities in this war. We especially call on military personnel to reflect, objectively note the country's needs, and participate more effectively. Colonels and generals have full responsibility at present. They have blemished the military institution and are irresponsibly trying to defend it at the negotiation table. The Armed Forces, as an institution, cannot be defended. If officers with progressive beliefs exist in the Armed Forces, it is time they stand up so they can work together with political and social organizations and the private sector. We need all these forces to form a new society where we can all live in true democracy.

Taking advantage of the opportunity given to me by YSU, I announce with great sorrow that I was informed at dawn today that my brother Roberto Mena Sandoval died at sea. I have no further information on the accident. My brother was a father to me. He taught me moral principles and reinforced them with his honesty. He is largely responsible for my development as a person. I want to express to my relatives, to his sons, to his wife Mayita, and all our friends, that I regret not being in El Salvador at this time of sorrow for the family. However, I will remember my brother here in this San Jose meeting and will work in his name to stop the war in our country.

Vargas Replies to Mena's Comments

PA2108044690 San Salvador LA PRENSA GRAFICA in Spanish 20 Aug 90 p 69

["Exclusive" interview with Colonel Mauricio Ernesto Vargas by Mario Erwin Larin]

[Text] San Jose, Costa Rica, 16 Aug—Col. Vargas last night described the statements made against him by former Captain Francisco Emilio Mena Sandoval as verbal terrorism.

Vargas described the accusations as political statements with political intentions designed to discredit the position of the military interlocutor in the eyes of the government. That is the way such statements should be viewed, he said. However, Vargas added that Mena does not have the moral authority to question anyone, especially because he was a member of our institution "and we all know his background."

Vargas dismissed all the statements made by the former captain and added that the institutions where conflicts are settled are clearly identified by the country's judicial system and that is where accusations of this kind should be filed. He said that it is not "at the table where we are negotiating our country's peace that such problems should be discussed."

"These statements create an atmosphere that makes an already difficult process even more difficult, because it generates political speculation from certain quarters that are trying to introduce grossly manipulated concepts. This is why I have described Mena's statements as nothing more than verbal terrorism to which I will pay no futher attention," the soldier added.

Vargas said that these statements have several objectives, first "to discredit the military interlocutor, but this does not worry me because the country's political leader is the one called to judge the interlocutors' qualifications. It is he who will determine what should be done to achieve national objectives."

"The second objective is propaganda. The very nature of the news commands international attention calls the attention of the national and international press and generates the effervescence inherent in this kind of accusation against an institution or an individual."

"The third objective is to prompt the commission to make abrupt remarks to bring about sterile polemics and cause the process to degenerate, but we will not be provoked."

Vargas stated that the Armed Forces' reply has caused an imbalance within the FMLN [Farabundo Marti National Liberation Front]. "The proposal is serious, responsible, it is in keeping with the peace efforts and is internationally accepted." He pointed out that the military representation is in the hands of a person who is serving as adviser to the delegation and who was appointed by the president. Given that the proposal has produced an undesirable effect, the way to discredit it is to discredit the authority of the interlocutor and that is what is being done."

Finally, Col. Vargas pointed out that the proposal has caused unexpected reaction within the FMLN. This polemic is not intended to create mutual accusations or a rupture. The tolerance and mutual respect that should exist between the parties should not be consigned to positions that could justify an uprising or rupture that could in turn justify military actions."

"There are various ways to interpret this, and the reader will be able to figure out which is the real motive for such statements."

FMLN Demands Government Accept Proposals

PA2108045390 Mexico City NOTIMEX in Spanish 0355 GMT 21 Aug 90

[Text] San Jose, 20 Aug (NOTIMEX)—The Farabundo Marti National Liberation Front (FMLN) "has the ability to break the military balance at any given moment," guerrilla commander Francisco Mena told NOTIMEX today.

According to Mena, the attacks carried out by the FMLN over the past few hours are intended to twist the course of the negotiations with the government of President Alfredo Cristiani toward the achievement of a military purge.

He insisted that the FMLN has the ability to "break the existing military balance of the Salvadoran war."

Mena, who is military adviser to the guerrillas in the negotiations that are taking place in San Jose under UN mediation, pointed out that if the Cristiani government refuses to accept the FMLN proposals on the military issue "the war will not stop."

FMLN General Command member Ferman Cienfuegos did not deny or confirm the attacks of the past few hours in San Salvador and other areas of the country as part of an offensive similar to the one in November of last year. "In El Salvador, according to tradition, there is an offensive every week," he remarked.

Mena, the former Army captain who deserted to join the rebel ranks, stressed that "the war will continue until we achieve our goals." After four days of meetings, the talks on restructuring the Army have reached an impasse because the two sides are maintaining their inflexible demands. Armed Forces delegate Colonel Mauricio Vargas has denounced that the escalation of guerrilla operations in San Salvador and elsewhere in the country hampers dialogue and the possibility of advancing in the dialogue process.

"The stances are radically opposed, but we will not withdraw from the negotiating table," Cienfuegos noted. He added that the FMLN will not sign a cease-fire agreement under the current circumstances, because "that would create an image of defeat, and the government has not defeated us on the battlefield or at the negotiating table."

Reports on FMLN, Army Fighting 13-16 Aug

PA2008225590

[Editorial Report] (Clandestine) Radio Venceremos in Spanish to El Salvador at 0000 GMT on 15 August carries 15 minutes of reports on fighting between Farabundo Marti National Liberation Front (FMLN) guerrillas and the Salvadoran Army. Radio Venceremos begins by listing several FMLN actions against the Army conducted on 14 August. "First," Radio Venceremos reports, "an FMLN guerrilla unit attacked with artillery fire Bracamonte Battalion positions in San Jose Guayabal, La Libertad Department. The attack took place at 1000, and we inflicted three casualties on the enemy, counting dead or wounded."

Next, the station reports that "also on that day, FMLN guerrillas carried out a daring attack against 1st Infantry Brigade troops, at the Matilapa Farm, Nejapa Jurisdiction, San Salvador Department." According to the radio station, "two soldiers were killed and six were wounded." The following war materiel was seized: "One M-60 machine gun, 10 cartridge belts for M-60 machine guns, three M-16 rifles, one M-72 LAW [light antitank weapon] rocket launcher, one Motorola radio, full combat gear for five soldiers, 12 grenades for M-79 grenade launchers, one Claymore mine, and other war materiel."

Further on 14 August actions, Radio Venceremos read a report sent by the Anastasio Aquino Front Joint Command on an operation called "Comrade Elmer, Always Toward Victory." "This operation began at 0600 with an ambush along the Pan-American Highway, near the village of El Sitio, Apastepeque Jurisdiction, San Vicente Department." As a result of the ambush and ensuing 80-minute clash with the 1st section of the CIA Battalion [not further identified] 2d Company, "we inflicted 16 casualties on the enemy—six soldiers killed and 10 wounded," the radio station states. It adds that one soldier was taken prisoner.

As for the war materiel seized during this attack, the station lists the following: "Four M-16 rifles with full equipment, one M-60 machine gun and five cartridge belts, a PRC-77 radio, three hand grenades, and five knapsacks."

Concluding the information on the operations for that day, the FMLN radio station indicates that guerrillas "inflicted five casualties on an enemy unit" in an ambush along the Northern Trunk Highway, near the town of Guazapa.

Radio Venceremos reads a report from the Modesto Ramirez Central Front, stating that "at 2100 on 13 August, FMLN guerrillas and clandestine militias sabotaged 20 utility towers carrying 115,000 volts," in the areas near El Empalme, the Miguel Mountains, and Sayulapa Village in Ilobasco, Cabanas Department, and in the area near Tenango Village, Suchitoto Jurisdiction, Cuscatlan Department."

Also on 13 August, "at 0800, an FMLN guerrilla detonated a bomb in the path of a military vehicle at the 28 kilometer marker along the Northern Trunk Highway." The number of casualties is not known, it adds.

Reporting on 14 August operations, the rebel radio station indicates that at 0045, guerrillas attacked Arcmitia Battalion troops, at the Amayo turnoff, along the Northern Trunk Highway. "As a result of that successful operation, we inflicted 13 casualties on the enemy, counting dead or wounded. We also captured two soldiers and seized the following materiel: four M-16 rifles and related equipment, nine knapsacks, a barrel for an M-60 machine gun, two cartridge belts for M-60 machine guns, and a Claymore mine."

The following report comes from the Modesto Ramirez Central Front Joint Command. It states that at 1600, and FMLN unit clashed with Military Detachment Company No. 1 "at El Cielo Mountain, Concepcion Quezaltepeque Jurisdiction." In this operation, the radio station claims three soldiers were "seriously wounded." Also on that day, at 0730, FMLN guerrillas ambushed 4th Infantry Brigade soldiers patrolling the La Laguna and [name indistinct] sectors. "As a result of this ambush, the 4th Brigade sustained four casualties," this information indicates. At 0600, "an FMLN unit ambushed a 2d Infantry Brigade patrol going toward Flor Amarilla Canton, near a farm by that name, Santa Ana Department. The radio station says one soldier was killed and another was wounded. The final military report of this series states that "on 12 August, Ponce Battalion soldiers of the 3d Infantry Brigade clashed among themselves in the Cingalpique Farm, Chapeltique Jurisdiction, San Miguel Department." The station reports one soldier was killed and another was wounded.

(Clandestine) Radio Venceremos in Spanish to El Salvador carries a 17-minute segment on recent military actions, beginning with information from the Modesto Ramirez Central Front Joint Command. At 1200 on 15 August, FMLN forces attacked a Canas Battalion Company of Military Detachment No. 2, in the village of (Chicate), (Copinolapa) River, (Guamapulipa) River, and El Zapote Brook, Sensuntepeque Jurisdiction, Cabanas Department. According to Radio Venceremos, the FMLN "inflicted 26 casualties, counting dead and wounded. The casualties include one lieutenant, two company chiefs, a radio operator, and a machine-gunner. In addition, one helicopter was damaged and other war materiel was completely destroyed." This report adds that army airplanes and helicopters "strafed a civilian sectors for six hours, near the village of (El Pisase)."

A report from Guazapa indicates that "at 0430 on 15 August, heroic FMLN fighters attacked the garrison of a company attached to the 1st Infantry Brigade, in Ingenio San Francisco, Suchitoto Jurisdiction. As a result of the attack, the rebel radio reports, the Army sustained 12 casualties. This report adds that "urban cells carried out attacks against the Civil Defense garrison in a Costa Rica neighborhood," but does not give a casualty toll.

Another report states that at 0600 on 15 August, one soldier was shot by a sniper's bullet in the Corinto Cemetery.

According to Radio Venceremos, an FMLN guerrilla unit inflicted one casualty on Military Detachment No. 1 troops during a clash at El Cielo Mountain, Concepcion Quezaltepeque Jurisdiction, on 14 August. Another report from the Modesto Ramirez Joint Command in the Chalatenango sector indicates that "at 1300 on 15 August in Chalatenango, an "FMLN guerrilla unit clashed with Military Detachment No. 3 troops in Cacao Village, Las Vueltas Jurisdiction, Chalantengo, and inflicted two casualties." Reporting on actions by the the Anastasio Aquino Paracentral Front, the rebel radio indicates that "at 1930 on 14 August, FMLN guerrillas clashed with Canas Battalion troops in (Chicate) Village," and one soldier was wounded. The next report states that "on 15 August, FMLN guerrillas attacked 1st Brigade positions guarding the Mecafe Mill, killing two soldiers and wounding one." The station adds that "on 15 August, a guerrilla unit clashed with Belloso Battalion troops in the (Cardosa) and El Zungano area, inflicting two casualties on the Army." The same battalion sustained one more casualty on that day in the Vuelta del Jarro Sector, the radio station notes.

The Modesto Ramirez Front in Chalatenango Sector states that "at 0100 on 16 August, guerrilla units inflicted one casualty on soldiers of Battalion No. 3 of Military Detachment No. 1, at El Cielo Mountain." Information from Morazan Department states that "at noon, FMLN mobile and strategic units clashed with a Command Unit of Military Detachment No. 4, near (Palate) Mountain, (Bocoateque) Jurisdiction. The FMLN reports inflicting two casualties.

The final report of this series recaps results of fighting on 13- 16 August within the framework of a nationwide operation called: "Our people fight for democracy and total demilitarization." The report sets the Army casualty toll at 130. The breakdown of casualties is listed as follows: "Sixteen casualties were inflicted on 2d Company of [name indistinct] Battalion, near the Pan-American Highway, near the village of (El Pisio), Apastepeque Jurisdiction, San Vicente Department. A Libertad Battalion section of the 1st Infantry Battalion sustained 10 casualties, seven soldiers killed and three wounded, in the Matilapa Farm, Nejapa Jurisdiction, San Salvador Department."

On 14 August, FMLN forces ambushed an Army unit in the Northern Trunk Highway, near Guazapa, "inflicting five casualties". Also that day, "the Azmitia Battalion sustained 13 casualties near the Ainayo Turnoff, along the Northern Trunk Highway." On 15 August, 1st Infantry Brigade troops sustained 12 casualties at the San Francisco Sugar Mill, Suchitoto Jurisdiction. At 1200 of that day, FMLN forces inflicted 26 casualties on Military Detachment No. 2 in (Chicate) Village, (Copinolapa) River, and (Guamapulipa) River, and at El Zapote Brook. Adding this figure to the "48 casualties inflicted in different operations, totals 130 casualties in 4 days of combat," the rebel station notes.

Going on to list the amount of war materiel seized, Radio Venceremos indicates: "We recovered the following war materiel: 29 combat weapons, 28 knapsacks, two PRC-77 communications radios, and one Motorola radio. We also took nine prisoners of war and handed six of them over to the civilian population. We are holding the remaining three for release in a few days." This report concludes, noting that "we have been informed that yesterday our antiaircraft fire damaged one helicopter in Cabanas Department."

San Salvador DIARIO LATINO in Spanish on 14 August on page 24 carries a 575-word report on the casualty toll of "recent fighting all over the country" between the Army and the FMLN. The newspaper report indicates that Radio Venceremos states that the Army sustained 21 casualties in fighting in Suchitoto, and that the Armed Forces Press Committee [Coprefa] indicates seven soldiers were killed and 10 wounded in fighting in Tenango Canton, Suchitoto. Coprefa is also cited as saying that four rebels and one soldier were killed during a clash in Penal Mountain, Quezaltepeque.

"On 13 August, another rebel was killed during fighting in the vicinity of El Corozal Farm, Berlin, Usulutan Department," DIARIO LATINO indicates.

Honduras

Navy Increases Patrols To Stop Illegal Fishing

PA2008170090 Panama City ACAN in Spanish 1551 GMT 16 Aug 90

[Text] Tegucigalpa, 16 Aug (ACAN-EFE)—The Honduran Navy confirmed today that Atlantic coast patrols will be increased to block "pirate" vessels from illegally obtaining shrimp shipments to sell in the United States.

Military sources said that "waters under our jurisdiction are constantly being patrolled, but surveillance will be increased in areas where clandestine shrimp boats are suspected of operating.

Shrimp businessmen complained this week about "pirate" vessels from various Caribbean islands that have been boarding small Honduran fishing boats on the high seas to purchase shrimp and lobster shipments. The catch is then transferred to packing plants in Belize and Great Cayman Island, thus evading taxes to then sell the catch in the United States.

"This is an illegal industry spread over large areas of territorial waters. This has not been controlled until now," General Customs Director David Matamorros commented.

Shrimp fishing is one of the most important productive activities in the Honduran Caribbean. There are more

than 280 boats authorized to fish for these species, expected to generate $30 million in foreign exchange during 1990.

Nicaragua

Energy Institute Official on Hike in Oil Prices

PA2008181690 Managua Radio Sandino in Spanish 1300 GMT 19 Aug 90

[Text] We have talked to Engineer Emilio Rapaccioli, minister-director of the Nicaraguan Institute of Energy [INE]. He referred to some problems concerning the hike in fuel prices. He said the USSR did fulfill its oil quota for this year. He said that this has not had an effect on the increase in gasoline prices. We told him that the situation is worrying because the price of gasoline has gone up, although we are not at war and there is not a blockade. The country is also getting foreign aid. We asked him what the Sandinists did to subsidize gasoline. For the past 11 years, gasoline was always subsidized.

[Begin recording] [Rapaccioli] [Words indistinct] because the increase in the price of crude oil is similar to the raise in the price we have been forced to implement as of today.

[Reporter] Is this directly linked to the Iraqi-Kuwaiti conflict?

[Rapaccioli] This is the fundamental element [words indistinct].

[Reporter] Has the crisis in Middle Eastern countries affected oil shipments from the USSR [words indistinct]?

[Rapaccioli] At this time we are not receiving oil from the USSR. During the first months of the year we received 300,000 tons of oil that we had ordered for 1990. We received the full amount. However, there is a possibility of reinstating to some extent—this year or next year—the supply of USSR oil based on some specific conditions that deal with financing, credit, and volume. The government of Violeta Chamorro has expressed its desire for this to take place. The [words indistinct] could be from other European countries like Czechoslovakia.

[Reporter] Therefore, is the suspension of the shipment [words indistinct] supply of oil from those countries continued throughout the years of the revolution?

[Rapaccioli] The USSR met its commitment. Obviously, if the USSR offered us 300,000 additional tons of oil under favorable terms of financing, and under better conditions than those we have under the agreement with Venezuela, this would be beneficial for the country. However, the USSR is also facing problems. Production has significantly dropped. Because of perestroyka and other matters, the USSR has been exporting all the oil it can export to obtain foreign exchange and hard currency in order to meet the demands for main staples. This must also be taken into account.

[Reporter] [Words indistinct] speculation, but it has been said that the government has been instructed to adopt these measures by the IMF and other international organizations.

[Rapaccioli] It is very clear that there has been a significant increase in the price at which Nicaragua buys its oil. There has been an increase in the price of oil we buy. There will be an increase in the cost of producing electricity [words indistinct] of which oil is a major component. This means that Nicaragua will have to spend more foreign exchange, although the oil may be purchased through [words indistinct]. The country cannot afford subsidies. It has to assign each item its real value.

[Reporter] How did the Sandinists manage to keep gasoline subsidized although they were waging a war and had a huge fiscal deficit? How could they do it?

[Rapaccioli] This was part of a Sandinist policy to subsidize some products and some consumption goods.

[Reporter] That is right. But how did they do it?

[Rapaccioli] I think you should ask Former Finance Minister [William Shipman] Huper Arguello and other ministers. I am not an economist. I can give you some basic explanations. I can tell you that any measures of that nature involves a subsidy and the issuing of greater amounts of currency without any support. There is no doubt that at this time, this would [words indistinct] inflation. [end recording]

Daniel Ortega Agrees With Pichardo's Ouster

PA2108034190 Managua Radio Sandino in Spanish 1200 GMT 20 Aug

[Text] Daniel Ortega, speaking at a District 6 meeting in Managua on 19 August, said that there is no reason why the Sandinist militants should not be informed about special situations, like what happened with Javier Pichardo. Ortega explained that in June the Army High Command had reprimanded Pichardo, because he had discussed with his subordinates in the Armed Forces the criteria for the Sandinist Air Force [FAS] to be independent and autonomous.

He made these specific statements during clandestine meetings unknown to his superior officers. Ortega said that the military High Command spoke to Pichardo, who admitted his error and asked to be given another chance, and left him in his post.

Daniel Ortega said that it was decided to let him remain in his post because in June the workers strike was in full swing and it would have worsened the country's problems. Pichardo, however, continued with his attitude.

At the end of the same month, he was once again called to discuss the issue. His attitude was to entrench himself in the Armed Forces. He ordered the arming of helicopters and placed the troops on a war alert.

The High Command met with him again and [words indistinct] he was once again left in command.

Later, reports were received that he had met with the Deputy Director of LA PRENSA, Cristiana Chamorro, and that he told her, among other things, to tell President Violeta Chamorro that he was placing himself at her disposal.

According to Daniel Ortega, Pichardo admitted his error and that he had endangered the Army, the Revolution, and the FSLN [Sandinist National Liberation Front] with his attitude.

What did Pichardo say? Last night, Managua's Sandinists heard Daniel Ortega's version. To end speculation, Daniel Ortega reported on the talks between former Col. Javier Pichardo and Cristiana Chamorro de Lacayo, while he was still FAS chief. They had a clandestine meeting. Pichardo did not consult with his superiors before this and did not report on his talks with Mrs. Cristiana Chamorro de Lacayo, Ortega noted. Pichardo told Mrs. Lacayo how the Army was organized, the problems that arose when he took up battle positions, and the causes of his rebellious attitude.

Ortega said Pichardo talked to Mrs. Lacayo about the behavior of the police during the workers's strike in July, saying that the police should have been more aggressive. Pichardo also told her that he supports Decrees 10-90 and 11-90, those the workers wanted repealed. According to Pichardo, the decrees had to be upheld for the sake of stability in the country. To conclude, Daniel Ortega told the FSLN militants that Pichardo asked Mrs. Lacayo to tell President Chamorro he was not a bad person and was not conspiring against her.

Although there is nothing unusual about a soldier, politician, or businessman talking to a reporter, Pichardo was dismissed because he provided information on the Army to a LA PRENSA director or deputy director, according the FSLN. All the Army has said is that he was removed for lack of discipline. Moreover, Pichardo is keeping silent, as rumors grow of his political conversations with Cristiana Chamorro de Lacayo. We still do not know what lies at the heart of Pichardo's plans, or what Pichardo did that prompted his punishment, and the [words indistinct] results?

The FSLN is a political party and speaks as such, whereas the Army is discreet. Although Pichardo has received a barrage of criticism from his Sandinist friends, he remains silent. Maybe the truth will be known soon. As our grandparents say, there is nothing hidden between heaven and earth.

Panama

Adviser on Passage of Iraqi Ships, Asylum-Seekers

PA2008195390 Panama City Radio KW Continente in Spanish 1220 GMT 20 Aug 90

[Text] The Panama Canal Neutrality Treaty regulates the passage of all ships through all Panamanian waters. This is Julio Berrio, legal adviser for the Panamanian Foreign Ministry.

[Begin recording] [Berrio] The Panama Canal Commission has said that, in compliance with Panama Canal regulations, Iraqi ships will not be prevented from transiting the Panama Canal. The media carried a personal commentary I made on the probable justification of preventing Iraqi ships from using the canal. I made it clear to a reporter that it was a personal opinion of mine, that it did not represent the official view of the government or the Foreign Ministry, and that pro and con arguments can be devised in accordance with international instruments.

[Reporter Ching Arauz] Moving on to a different topic, what is the state of the plan to relocate to reverted areas the persons living in the Lazada condominium in Paitilla?

[Berrio] No final decision has been made yet regarding where the persons who sought asylum at the Peruvian Embassy will be lodged. This is still being negotiated.

[Arauz] The condominium residents have been protesting the presence of these asylum-seekers.

[Berrio] The residents have not protested directly to us, but their legal adviser did come to discuss the matter with us. We are trying to find a solution that is acceptable to all involved.

[Arauz] Has the possibility of issuing safeconducts to the asylum-seekers been considered?

[Berrio] No, the problem is being discussed through diplomatic channels. It will take some time to make a decision on the definitive fate of those people. We have proposed to take to the The Hague International Court of Justice or an arbitration court the situation of the asylum-seekers who are still staying in foreign embassies accredited in the country. [end recording]

Editorial Views Possible Increase in Fuel Prices

PA2008150390 Panama City EL PANAMA AMERICA in Spanish 18 Aug 90 p 4A

[Editorial: "Increase in Fuel Prices"]

[Text] The effects of the Persian Gulf crisis have struck us. The petroleum-producing countries have taken advantage of the current situation to balance their revenues, thereby adversely affecting the meager economies of the petroleum nonproducing countries, which are forced to pay the prices that are set in order to meet the energy needs of the people. The announcement of an

increase in the price of crude oil automatically triggers an often uncontrolled hike in the price of fuel and all its by-products.

Panama has agreements whereby its crude oil supply is insured. However, Panama is subjected to the hardships posed by the price increase, which causes difficulties for its oil purchases. Currently, the prices are set by the suppliers. As prices go up, so does the demand for oil, a vital product that puts all the economies of the world in motion. The statements made by high-ranking government officials are aimed at encouraging the already frustrated consumers, who are concerned about international and national events, which will adversely affect their finances.

The understanding requested and the optimism regarding the temporary character of the situation are not enough to comfort those who feel that their aspirations for a quiet life—in a controlled economy, where their basic needs are met in the framework of their modest but wisely administered earnings—are threatened. It is here where price hikes have the greatest effect, because it is always the most needy, the poor, or those who have no alternative because they lack education or upbringing, who invariably bear the brunt of the overpricing.

Transportation, power, industries, businesses in general, and all activities linked to oil and its derivatives will suffer from increases. These increases will be passed on, and there will be an increase in invoicing, which will increase the cost of living. Many of these increases do not drop back once things return to normal because of a lack of supervision and because no demands are made to force price reductions to original levels.

Information from the conflict area is not encouraging and worries everyone. The information available suggests a worsening crisis due to the intransigence and stubbornness of those who believe they own the world and are thus empowered to decide its destiny. Let us all make our best efforts to minimize the economic effects of the Middle East crisis, so as to better face the sequel and consequences of a situation that affects us even though we are nonparticipants.

Relatives of 20 Dec Casualties Hold March

PA2108013890 Panama City Circuito RPC Television in Spanish 2300 GMT 20 Aug 90

[Text] Relatives of the Panamanians who died on 20 December held a march this afternoon through Central Avenue, from Porras Plaza to Cathedral Plaza. A small rally was held at Cathedral Plaza where antigovernment and anti-U.S. slogans were chanted. The small group of demonstrators broke up peacefully at the end of the rally.

National Reconciliation Commission Report

PA2008182290 Panama City LA PRENSA in Spanish 15 Aug 90 p 27-A

[Report presented by the National Reconciliation Commission to President Guillermo Endara Galimany on 13 August]

I. Definition of the Problem and Consequences

Toward a National Reconciliation Policy

After years of struggle against the institutionalization of a corrupt and oppressive military—the result of domestic and foreign forces—attempting to recover a civil and democratic state has left the Panamanian people deeply divided. In light of this situation, it is necessary to search for solutions that will permit rebuilding the country. To accomplish this goal, we should direct our efforts toward attaining unification of the people to reach a common future; national reconciliation is absolutely necessary.

Even though the newborn democracy and liberty have opened the path for reconciliation, problems threatening reconciliation—which stem from a variety of social, moral, political, and economic conditions, and from the administration of justice—demand a solution.

The current situation of ruin and chaos we inherited from the military regime has worsened in many aspects because of the recent foreign military intervention.

Justice and Reconciliation

The people want justice, and they want it enforced with absolute efficiency; they want upright, expeditious, and reliable justice. The people want the Attorney General's Office and the Judicial Branch to expedite pending trials and to return credibility to the system that governs us. Common crimes, once they have been investigated and proven, should be punished according to the laws in effect. Those who commit crimes should not be favored with special measures of amnesty or pardons.

The so-called "political crimes" not yet classified in our legislation should not be manipulated to harm people's integrity and reputations. To attain reconciliation, it is necessary to treat political crimes differently. However, under no circumstances should common crimes, such as embezzlement, torture, and murder, among others, be classified as political crimes. Receiving an order from a superior should not be accepted as an excuse to be exempted from responsibility.

Politics and Reconciliation

The recent political experience of a state put at the service of a corrupt, arbitrary, and oppressive plutocracy demands more than ever—in light of the sustained

struggle waged by the people to have a civil and democratic regime—a government of impeccable integrity and capacity in service to all, and not just party interests or political groups.

Unless we set the foundations for the development of broad political participation, and unless we resolve political and social conflicts, new social conflicts may arise that could destroy all the efforts toward democratization and reconstruction.

As a system, democracy requires confidence, understanding, and the relinquishing and sacrifice of personal interests of those who rule the country and of the citizens in general. A government of reconciliation and reconstruction should seek the support of all sectors of society.

The public administration that is not free of the traditional and most frequent vices such as nepotism, "political opportunities," influence peddling, and the exploitation of state resources for the benefit of private sectors and not the benefit of all Panamanians, inevitably leads to instability and social unrest.

Social Justice and Reconciliation

When one talks about the justice people are clamoring for, one is not referring simply to legal and formal justice. One is referring equally to social justice as found in daily life and in human hearts. The (1971) Bishops Conference on Justice in the World clearly states: "Economic injustice and the lack of social participation prevents humankind from attaining fundamental human and civil rights." Nothing is clearer than this.

The productive sectors in the country demand feasible and creative plans and projects for economic recovery that are not subject to foreign interests. True reconciliation can only be attained when Panamanians fully rejoin productive activities. There will be no true reconciliation as long as a high percentage of the population is hungry, jobless, or performs informal nonproductive activities. The country needs a wise national development plan that does not ignore our own characteristics and that takes into consideration experience gained over the course of five centuries of productive activities. No economic system is perfect by itself. Countries that have improved their economies, including modern monarchies, have resorted to the best of each system and have been able to stabilize their economies. Panama is a country with the human, social, and material potential to attain a certain level of development. Panamanians have sufficient experience and reason to create their own development within the framework of independent, worthy, and sovereign prospects. Now is the time. Later, it will be too late.

The Military Question and Reconciliation

Many people understand reconciliation as something that applies only to the actions carried out by the military during the past years.

Reconciliation cannot refer only to discussions on whether or not to forget the past and whether or not to bring to trial people accused of abuse of power. When thinking of reconstruction and reconciliation we must consider what kind of future we want.

The United States, especially after World War II, promoted and strengthened military structures in Latin America, and often it did so taking into consideration the ideological guidelines of its national security doctrines. This led to the adoption by the military of political and ideological positions that culminated in the seizure of power.

The various institutional manifestations of Panamanian militarism—the National Police, then the National Guard, and finally the Panama Defense Forces—were promoted and strengthened by various U.S. administrations. The military, in possession of the arms, having acquired economic power, and feeling that it had the support of one of the most powerful armies in the world, was guilty of the abuse of absolute power and imposed laws that it later violated and authorities that it overruled, thus disrupting Panama's institutional life.

Until 20 December 1989, Panama was a country militarily occupied by a national army supported by rightist and leftist civilians and politicians, who, in many cases, were thinking only about promoting their personal interests.

Although the U.S. military intervention of 20 December 1989 brought mourning to many Panamanian families—some people speak of hundreds of dead and others of thousands of dead, many of whom were innocent people—and caused the loss of millions in property damage, many Panamanians have stated their support for this intervention, considering it, in the face of the failure of civic and pacifist efforts, a solution to the situation of oppression.

Internationally, especially during the past five years, Panama's militarism had the support of allies that share the responsibilities for what happened because they contributed to strengthening the military—in the first place there is the Pentagon and the U.S. administrations, and then come other countries.

At the national level, the military manipulated nationalist sectors and the state's authorities and assumed the role of spokesman for "national sovereignty," and opportunists from all social and ideological groups were allowed to come to the side of the military regime.

Now the majority of the people distrust military structures that could endanger our democratic project. The police force is a security organization that has the mission of protecting the life, honor, and property of the community and of defending the national territory. It is dangerous to integrate police and Army functions because this could easily promote a return to militarism.

To avoid problems, it is necessary to strengthen the system of representative and participatory democracy and to make the government work for the benefit of society.

II. Reflection on Values

In the face of the situation described above, we could feel dispirited; however, on the contrary, we optimistically look to the future as a major challenge to make a renewed Panama emerge. Today, although we are divided, we want to say that Panama exists as a conglomerate of all Panamanians, in which every one is important and necessary for its survival and vitalization. We must now direct our traditional generosity, so deeply ingrained in us and expressed in our national slogan, Pro Mundi Beneficio, toward the reconstruction of the fatherland. We must now strive for a fraternal and free Panama, with internal and external sovereignty. We must turn this dream into a reality, which is why we cannot exclude anyone in Panama because that task falls on all of us. We know for a fact that right now we are a wounded and divided body. For that very reason, reconciliation becomes so necessary. We know Panamanians can overcome the immorality, injustice, and despondency that is affecting all of us, but we must do so together and united if we want to take responsibility for our past, present, and future.

It is necessary and urgent for all of us to recognize we failed our historic responsibility. If we do not become aware of that reality, we will make the task of reconstruction impossible. We will become harsh and inflexible toward others while justifying in ourselves the same actions we condemn in others. To overcome the past we must accept those flaws and correct and forgive them.

Being responsible for our present and future. How do we begin to heal the wounds in Panama's members, namely the people of Panama? By enforcing legal justice with impartiality in an expeditious and honest manner. By fully respecting the postulates of liberty and equality before the law, as well as the presumption of innocence and preservation of a person's good name. Those who transgressed the law in any way and violated human rights must accept their punishment. Those who enriched themselves through fraudulent means must return their ill-gotten wealth. The goal is to seek justice, not a justice based on revenge that seeks to destroy another person, but one that wants to rehabilitate him to rebuild Panama with him. This plan unquestionably requires a frame of mind of new men who stand above selfish plans and interests.

Our political relations must be just, based on the common good. Our leaders and anyone with any authority must exercise power as the servants of all Panamanians. Power must not be conceived to serve one's interests or the interests of a group, but to serve everybody, with special care given to the poor and defenseless, not because they are better than others but because their human dignity has been diminished and justice for the downtrodden seeks to raise them to the level of equality they are entitled to by their dignity as human beings.

The state must not be conceived as political booty handed out to close friends so they can profit at the expense of the people. In the current situation, shared responsibility demands heroic attitudes from our leaders. They must share the sacrifices with the people and deprive themselves of privileges while the people are going hungry.

Honesty from those who govern and from every citizen becomes vital. It becomes necessary that everyone discover the social use of money. "A social mortgage hovers over every private property, as Pope John Paul II has noted." It is urgent that we teach about austerity. Happiness does not consist of having, but of allowing the last Panamanian citizen to live in human dignity.

Reconciliation demands a more humane economy that serves each and every person. Reconciliation must set as one of its own objectives the creation of jobs that ensure a decent salary. The economy must be more participative so that all sectors have a say in planning and implementing it. The pride of being Panamanian will thus arise when we know that we are effectively participating in the reconstruction of the fatherland.

Man and family (meeting their basic needs of health, education, housing, and employment) must lie at the heart of every government action. The education of citizens must be assured and must aim at finding and promoting these solutions. Health care is a right and a need of every human being, and it must be provided in such a way that no profound differences exist in the possibilities any sector of society has of obtaining it.

Reconciliation is a corollary of justice, in all its aspects—whether formal, social, or distributive justice—and constitutes a fundamental prerequisite to build the fatherland. III. Recommendations

At the request of President Guillermo Endara, and considering his generous commitment to follow our suggestions, we will point to some of the most serious problems that constitute major obstacles to national reconciliation. We respectfully submit this list of recommendations with the hope that it will contribute to the good of the nation.

We Recommend

On the Matter of Political Reconciliation

A. Firm and respectful action by the government is urgently needed, ensuring every sector—within the framework of the law and social justice—the most adequate policies that generate trust among the people and promote the spirit of commitment every Panamanian must have in the process of national reconciliation.

B. That political parties exchange their struggle for so-called political opportunities for truces so as to dedicate their full effort to the country's reconciliation and reconstruction.

C. As a solution to the national outcry demanding justice, supply the justice department and the judicial branch with the necessary funds to hire qualified personnel and to facilitate the cases that are currently bogged down.

To establish a draft resolution to expedite justice and avoid the unfair detention of those awaiting sentencing.

D. To guarantee proper public administration, politics should be removed from official posts and unjustified dismissal policies avoided. To do this we recommend establishing a civil service program (taking into account the salary law) and making the judicial system effective. We also recommend quickly repealing the "War Decrees" and Decree No. 1 dated 26 December 1989 that refer to the Codepadi [Committee for the Defense of the Fatherland and Dignity] and the "Dignity Battalions."

E. Respect legal guarantees and update jail facilities so that inmates receive proper humane treatment.

F. We recommend that the persons administering justice not vent legal proceedings through the media.

G. By the same token, we call on the media to help with the national reconciliation work by using good judgment and a love for Panama and avoiding sensationalism and destructive and personal bickering.

H. That the Public Force be trained as a police force and as a police organization in the various services needed, with instruction based on serving the community and the country under a civilian command.

I. The approval of a Political Amnesty Law for cases that qualify as political in nature. It is understood that common crime (embezzlements, homicides, torture, and so on) should be punished in an exemplary manner.

J. Request the immigration department to humanely resolve the cases of the illegal aliens in general, especially those originating from countries where they are persecuted or in cases where the authorities have issued them false documentation.

Socioeconomic Reconciliation Matters

A. Due to the high incidence of unemployment and in the face of labor unrest both in the private and the public sector, we suggest the establishment of a dismissal evaluating commission to oversee the dismissals that have occurred and continue to occur in both sectors.

B. We believe the representatives of the various government institutions should work motivated basically by a vocation to serve, so as to avoid past mistakes such as favoritism, privileges, nepotism, and influence peddling, which increase the Panamanian people's mistrust in their authorities. We therefore suggest avoiding the policy of excessive salary increases to public and elected officials. This is unacceptable and affects the availability of funds needed to attend to urgent problems (medicine and sources of work, among other things).

C. We propose that, as a way of democratic participation, all the country's sectors (workers, businessmen, professionals, peasants, Indians, and so on) be incorporated into all existing organizations that have to do with the socioeconomic decisionmaking process. In line with this suggestion, the drafting of a plan of national economic strategy should be the result of the broadest debate among all sectors.

D. Not only to boost the economy through building construction activities, but also to answer the needs of the poorest, there should be a commitment of public and private investments to supply decent and low-cost housing to resolve the population's vital needs, especially the needs of the homeless.

E. Understanding that the economic reconstruction process is slow and involves sacrifices, we recomend that the recovery of the industrial and business sectors conform to the needs of the workers and the consumers in general, preventing an indiscriminate increase in prices and a policy of unjustified dismissals. We also recommend the establishment of a permanent tripartite dialogue among the government, management, and workers to regulate and structure their relations.

F. In view of the division in the organized labor sector, we recommend that labor education be promoted, reinforcing the unity to which the workers have a right, so that they can effectively participate in the decisions dealing with the country's welfare.

The efforts must be directed at obtaining honest leaders committed to their rank and file. These efforts must also be directed at encouraging productivity, technical training, the need for savings, and the incorporation of the family as an integral part of the nation's moral force.

G. We suggest that the national government's attention be directed at the solution of the problems of Colon because it is a particularly hard hit area and has been declared an "emergency zone." Therefore, we propose:

That future investment budgets of the nation include allocations to undertake the necessary work for the drainage system, the drinking water system, and the sewage treatment plant in the city of Colon.

Funds must also be allocated to repair roads and bridges in the areas of Costa Abajo, Costa Arriba, Gatun lake, and the transisthmian highway.

The national budget must also include the necessary allocation for the operation of the National Institute for Professional Training in the city of Colon, so as to support the technical training process in the region.

Reconciliation Regarding Nationalism and Sovereignty

Because of the problems related to our nationality and sovereignty and the various opinions regarding the U.S. military action of 20 December 1989—some people view it as an invasion while others regard it as a liberation—we find it necessary to make these recommendations.

A. Let it be proposed to establish educational programs to encourage civic and moral education in an effort to restore the Panamanian sense of national history and social coexistence values.

B. Let a special representative commission be appointed to fully report on the U.S. invasion of 20 December 1989 and its consequences. This commission would do its best to locate the bodies of and recognize the victims; assess all of the damage inflicted on the country so that the people can be informed and so that the government can negotiate adequate monetary compensation for the damage caused by the invasion and the economic sanctions imposed by the United States on Panama in 1987; and support the demands of juridical and personal demands against the United States.

C. Let U.S. troops cease to occupy the Panamanian state and territory and let sovereignty be restored.

D. Let legislation be implemented for the adequate administration of the reverted areas and the Panama Canal in the year 2000.

E. Let any accords and agreements signed or letters of intent and notes exchanged with the United States after the Torrijos-Carter Treaties be made known to create a climate of greater credibility.

IV. Conclusion

We hope our that our recommendations and suggestions can be carefully considered by all—both those who govern and those who are governed—and that our recommendations and suggestions can contribute to justice, reconciliation, peace, and prosperity for all of Panama. If this proves to be the case, we will be fully compensated for the time, energy, and willingness we all have volunteered in the task assigned to this commission.

For the National Reconciliation Commission:

[Signed] Monsignor Marcos Gregorio McGrath, C.S.C., archbishop of Panama and commission chairman; Dr. Juan A. Ramirez Harris, commission vice chairman; Msgr. Jorge Altafulla; Alma Montenegro de Fletcher; Alfonso Quiros; Jacobo Salas; Dr. Pablo Varela; Dr. Cecilia Alegre; Dr. Rodrigo Arosemena; Nestor Jaen, S.J.; Isaac Rodriguez; Santander Tristan; Rev. Ernesto Weigandt.

Pilot of Hijacked Plane Released Near Colombia

PA2008222990 Panama City Radio KW Continente in Spanish 2137 GMT 20 Aug 90

[Text] Reliable sources from the Civil Aeronautics Public Relations Directorate have reported that pilot Donaldo Williams, who was kidnapped on 16 August at the Tocumen Airport by the hijackers of a turboprop plane registered as HP-960, is now safe and sound in Panama City.

The sources reported that at approximately 0800 today Williams, 26, was rescued in Jaque, Darien Province.

The sources added that the presidency of the Republic, through the Information and Public Relations Directorate, will issue a press communique this afternoon giving all the details concerning the hijacking of the HP-960 aircraft owned by former presidential candidate Carlos Duque Jaen.

The location of the plane is unknown. However, we have learned that Williams is now with his relatives and under investigation. So far, the investigations conducted by Panamanian authorities have been kept secret. We will be waiting for the press communique from the Presidency regarding this hijacking. The sources said that Williams was released early today near the Colombian border, supposedly by groups linked to drug trafficking and to Colombian guerrillas.

Brazil

Collor Addresses Nation on Economic Situation

PY2108023090 Rio de Janeiro Rede Globo Television in Portuguese 2249 GMT 20 Aug 90

[Address to the nation by President Fernando Collor; place and date not given—recorded]

[Excerpts] My friends: The government and the people are now going through a time of understanding, reconciliation, and victory.

We are defeating inflation, and this is not only the victory of a courageous, efficient economic plan. It is our victory, a victory of all the people who are participating and cooperating and who are voicing their strong opposition to abuse and exploitation everyday. It is a victory of all those who understood our appeal and who no longer agree to pay improperly increased prices.

Inflation has dropped because of the conscientious participation of every one of us. I would, therefore, like to thank those who have learned to meditate, search for better prices, and buy only what is absolutely necessary and at fair prices.

In making these comments, I can fortunately say that the government has also done its share. [passage omitted]

The majority of the people are optimistic and are confident that they will have a better future. The critics, the pessimistic people, and those who had predicted chaos have nothing to say now. Fine.

We are sensitive to the salary problem. That is why we recently granted a bonus that benefited more than 80 percent of the working class. Only after responsibly calculating our figures, we granted the bonus to retired workers also. It would have been useless to grant a bonus to retired workers if in doing so we caused the social security system to go bankrupt, thus harming our hard work to recuperate this institution. If we had done that, friends, it would have brought nothing but delusion and lies. And, as you know, our government is not fond of lies.

Some careless people are now trying to create an illusion among workers and are brandishing the regulation of salaries as a solution.

My friends, I would just like to remind you that in the past few years all salaries were regulated. When hyperinflation went wild, the purchasing power of salaries always lagged behind. In the past, prices were the first to go up and workers' salaries were regulated at the end of the month, after workers sustained considerable losses. [passage omitted]

My friends, the only factors that can make workers recover their purchasing power are low, controlled inflation, an organized economy in which investment can be recovered, and above all, increased productivity. This is precisely what we are trying to do, and we are succeeding with the help of God and with the participation of every one of you.

The Brazilian people wanted a change and they enforced a change because they were tired of old promises. We do not want to return to the practice of the past in which the majority always lost. I am sure that today the majority understands that to regulate salaries would be equal to going backwards and losing again. I also know that the majority understands that the despair of the defeated, pessimistic people cannot and will not motivate any type of struggle. [passage omitted]

My friends, strikes are a legitimate weapon, but I would like to recall what history has taught us. Strikes with riots, or political strikes, always end up causing losses to workers and to society. Society is fed up with, tired of, and annoyed at strikes staged for electoral purposes because they harm and disturb routine activities. Society will know how to pass judgment on them and how to give the appropriate response. Society wants peace and security to work. This is what the government wants. The government will promote order, peace, prosperity, and social well-being.

The government cannot be and will not be an arbiter in labor disputes. This is not our role. But, as I have promised, the government will always support responsible workers. We will continue to protect the needier sectors and we will—with increasing firmness—enforce the law. For example, it is inadmissible that the law on the participation of workers in company profits has not yet been enforced. This law has been awaiting implementation by Congress for 40 years. This is why we have decided to raise the issue, because we cannot and we do not want to wait any longer.

My friends, today the Brazilian Government is a government of the majority and I, the president of the Republic, will not abandon you. We will fight this fight together, and we will do it united, and, with the help of God, we will try to build a new Brazil, without regulation, without inflation, and with peace and social justice.

Minister Rezek Surveys Foreign Policy Issues

PY2408213190 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Aug 90 p 18

["Excerpts" of interview with Foreign Minister Francisco Rezek by William Waack "last week" in Brasilia]

[Text] [Waack] The lecture on Brazilian foreign policy that you recently delivered at the War College [ESG] was criticized for not representing a sensible change in thinking from Itamaraty's old doctrines. Do you agree with this criticism?

[Rezek] The editorial analysis of my recent lecture at the ESG did not emphasize the essential aspect of the foreign policy proposed for Brazil. I believe that it is possible to make a noticeable change in the management of Brazil's

foreign policy without setting aside the validity, at the appropriate time, of some of Itamaraty's lines of action. When Ambassador Araujo Castro developed his nationalist policy, he chose the most valid option. To take any other road at that time, he would have had to definitely opt for a bloc. It is clear that we face a completely different reality today. We can see a world free from the effects of competition between the two international power blocs and from the consequences of the cold war.

[Waack] Your latest statement on foreign policy allows one to say that although your excellency recognizes transformations in international politics, you are still tied to the notion that the major powers maintain a conspirational attitude, stunting the development of countries like Brazil. Is this really the case?

[Rezek] I am really surprised when someone somehow sees signs of Manicheanism in something I said. To me this seems to be the most serious flaw in the human mind. When I make some reference that may seem to indicate some action by postindustrial states that is not too commendable, I do not mean that that form of action is reproachable. Those states acted out of what in international policy is called "holy selfishness." In interpersonal relations, a gesture of self-denial and unselfishness is seen as a worthy example; not so, though, in relations between sovereign states. There is some sort of duty to support state selfishness, which is also called "holy selfishness." When one acts on behalf of a sovereign state, unselfishness is considered to be close to high treason.

[Waack] You are very emphatic in discussing "the ideology of nonproliferation," depicting us as victims of a concerted action by the powerful countries to deny us access to what we consider to be essential to our development...

[Rezek, interrupting] ...but I don't see a conspiracy there. What I see is a posture not inspired by a cooperative idea, an idea of external help or horizontal cooperation. They are no doubt thinking first about safeguards for their own security. We could do that ourselves in other circumstances. But it is our duty to persuade them—and the sooner the better—not to continue that policy of excessive caution regarding some industrial techniques and technologies.

[Waack] When those countries look at the situation in the Persian Gulf, they cannot but doubt our words. We have been criticized for a long time as being irresponsible for selling arms to whoever wanted to buy them. This does not mean that Brazilian weapons can shift the world's strategic balance, but we have become involved in a crisis of global proportions.

[Rezek] The governments that were involved in military trade with some countries did not take advantage of the technology transfer they would have liked to achieve. If we expect a different attitude today, we do so because everybody knows—except two or three writers in the northern hemisphere who are not abreast of current developments—that the arms trade had been interrupted even before a government whose political vision is quite different from the one that prevailed under previous governments, for incidental reasons, came to power. The governments that engaged in military trade see the possibility of resuming that trade as practically nil.

[Waack] The argument that it would have been best for Brazil to be more cooperative about observing restrictions on access to technology is, however, still valid. Had we respected the safeguards, had we observed certain impositions on our foreign policy, today we would have access to those technologies without getting involved with dangerous countries.

[Rezek] Because I was a judge until recently, and although I am a member of the government now, I have no way of getting a very clear idea of the intimate, undeclared, undisclosed feelings of those in the government at that time, especially regarding the subject of nuclear technology. When reviewing past events, I take into account only clear, historical facts. The Brazilian position of not adhering to the NPT [Nuclear Nonproliferation Treaty] was not supported—this is also true—with alternate formulas. While the government rejected the NPT, it did not say how it could give guarantees to possible partners about its access to nuclear technology. The fact that we ratified the Tlatelolco Treaty with certain restrictions has rendered the treaty unenforceable for us. Today, for reasons that are less operational in nature, that are more symbolic than operational....

[Waack] ...that is, practically speaking it doesn't matter any more...

[Rezek] ...right. Brazil continues to be reluctant to sign the NPT because it considers the treaty to be old, biased, and suffering from serious birth defects. The NPT remains a historical burden we feel we should continue to shoulder. Yet, what we should do now is to give broad guarantees to all parties concerned about the specific limits of our development project in the area of nuclear technology.

[Waack] Is it true and correct that the main priority of the Collor government in terms of foreign policy is to give Brazil access to technologies that could also be used for military purposes?

[Rezek] That is not the main priority in our foreign policy. There, you are just focusing on one effect when you should be focusing on the ultimate objective. The main priority of the Collor government is to prove the strength and reliability of the Republic. We are accomplishing this.

[Waack] In a lecture you gave at the ESG 10 days before the eruption of the Gulf conflict, you described Brazilian relations with countries like Nigeria and Iraq as "exemplary." Would you reaffirm that statement today?

[Rezek] Yes, but making some clarifications required by the current situation. The reference to Nigeria is very

important because our trade with that country, including nonmilitary items, totaled $1.8 billion in the 1980's. Our trade with Iraq was also significant, even excluding the deals on conventional weapons. We imported large amounts of Iraqi oil while Iraq purchased many clearly nonmilitary items from us. This is what we regard as an example. Apart from this, we traded military items. The political wisdom of this military trade is now being questioned. This trade included uranium operations that went totally unnoticed by observers at the time.

[Waack] You are obviously referring to the sale of uranium concentrate by Brazil to Iraq.

[Rezek] I was completely unaware of that operation at that time even though I knew about the international trade of weapons.

[Waack] What kind of guidelines would you establish today concerning arms sales?

[Rezek] Since last March Brazil has adopted a very rigorous policy of investigating in detail arms sales to countries which may, in any way, make us appear as sellers who are unsure of the possible ultimate use of the weapons.

[Waack] Are we going to require final use certificates for exporting war materiel?

[Rezek] The idea of a certificate is somewhat ironic. That irony was clearly demonstrated in recent analyses of the position of Itamaraty on the Persian Gulf crisis. It is a fact that the final use certificate is unreliable, just as we can be sure that the weapons are not equipped with a for-defense-only device. We are, however, relatively sure that some countries will only use the weapons for self-defense. This security comes from the simple analysis of international relations. No small number of countries, whose political past and present indicate that they would not attack another country, are willing and want to buy Brazilian-made war materiel.

[Waack] How do you characterize the foreign policy option through which Iraq not only cuts the supply of oil we need, but also treats our fellow countrymen who reside there as a bargaining tool for resuming exports banned by the UN-imposed embargo?

[Rezek] In fact, at a time like this, the Iraqi Foreign Ministry is functioning under precarious conditions. For this reason, we have found it difficult to understand the decision of the Iraqi Government over the exit visas for Brazilian citizens.

[Waack] Are you in the dark, Sir?

[Rezek] The situation is more confusing than being in the dark. We have indications in one direction, followed by contradictory indications in the opposite. This puts us in an embarrassing position before the public and the relatives of Brazilians who are in Iraq. We must say that at no time has the Iraqi Government seemed to want to bargain, to condition the issuance of exit visas to any concession by Brazil in violation of the UN Security Council resolution. Moreover, that is the same policy the Iraqis are adopting toward countries that are in no position to help them with food or other exports. We are very concerned over the lack of a final solution to the situation of the Brazilians in Iraq.

[Waack] There are two kinds of Brazilians in Iraq. What can you say about those who are participating in Iraq's belligerent effort, which has elicited international condemnation?

[Rezek] If there are Brazilians who, by a personal decision, are in the employ of a state whose policy deserves that kind of condemnation, that is in no way the responsibility of the Brazilian Government, but that is embarrassing to us because it is the subject of international commentaries. If Brazilian subjects, people of our nationality and carrying our passports, are legally engaged in some sort of private activity that causes political trouble to the Brazilian Government, I will not hesitate to question those people and ask them to reconsider their attitude even if they are not related to public service in any way whatsoever. I will feel very free to do that at the appropriate time if people who have been trained in the Brazilian state sector are involved.

[Waack] In a preliminary analysis, how have Brazilian foreign policy perspectives been changed by the Persian Gulf conflict?

[Rezek] With the ending of the cold war, it was not difficult to imagine that something like this would happen, that a conflictive situation would emerge in the periphery of the international arena. But, at the same time, one can think that this is an isolated situation that will be the last. The lesson to be learned from this crisis seems very important to me. It is therefore important that this crisis leaves no major shocks. Its positive value will then be that of finally putting an end to all the vices of the twentieth century, and of ushering in the next era.

[Waack] What are the consequences from the viewpoint of Brazilian interests?

[Rezek] I believe that the most serious consequence is the oil price increase that has affected all oil-importing countries. As for the supply of oil, I see no risks because there are several alternatives. As for the future, I believe that Iraq will remain our partner, but on different terms. It will be a partner that will sell oil to us but that will also buy—for obvious reasons—many Brazilian-made products, especially food. I believe that our bilateral exchange will not end after the crisis, whatever its outcome. While so far there has really been no oil supply problem, we have had to face the effect of the crisis, which is very unfortunate. It is an unexpected inflationary factor that has appeared at this phase of the economic program, in which we are strongly fighting inflation.

[Waack] The Bolivian president has said that Latin American countries should not remain static and allow

the United States to design its own proposal for a free-trade zone in Latin America. Why has there been such a delay?

[Rezek] We have considered the subject since President George Bush formulated his proposal. Is he going to give the specific details, or is he waiting for us to do it? Perhaps he purposely did not provide the details because he expects us to be more creative and to work them out. There are two different theories which we Latin Americans have considered in our talks. The Bolivian president has said that he believes that we should provide the details of the initiative in order to develop the original idea. Argentina and Brazil have extended an invitation to analyze the subject, especially the preliminary instrumental phase. Does the United States want us to design our own project or does the United States want to design it by itself? I believe we might be asked to design one.

[Waack] Does that mean that we are merely talking about the form and that we have not yet addressed the substance?

[Rezek] Right. Even so, the matter has not been delayed too much. It is developing at a fast rate. There are some indications, however, that the Bush initiative will not begin to warm up before the Uruguay round of GATT talks. In view of this, it would be useless to try to speed up the process and then see it stagnated until the end of the year.

[Waack] What are your personal feelings about fast international transformations?

[Rezek] Few times in history will be as interesting as this. I feel that it is encouraging that Latin America, especially Brazil, has reacted properly to this international phenomenon. The events in Latin America over the past few years have isolated this part of the world from the feeling that it is becoming outdated or marginalized from what is happening abroad. To be in charge of the foreign policy of a country that is looking toward the future is a rewarding sensation. We are aware, however, that there are many people of great merit and talent who have been compelled to care for the foreign affairs of dark, totalitarian societies, during a very dark period of international relations. I do not regret having taken on this responsibility.

Officials Say U.S. Gulf Policy 'Unfeasible'

PY2008150790 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Aug 90 p 19

[Text] Brasilia—Time is running against the Brazilian Government in its delicate diplomatic effort to secure the safe, immediate withdrawal of more than 400 Brazilians who are virtually being held hostage in Iraq.

Based on reports from various Brazilian Embassies, Itamaraty and Planalto Palace have concluded that tensions "are rapidly increasing," as a source involved in the operation put it yesterday. He said: "The United States and Iraq have radicalized their positions. U.S. aircraft carriers are arriving in the Persian Gulf. Anything can happen."

Senior Brazilian officials view the U.S. position as a test of force in the new international context prompted by the changes in East Europe. The source was even more specific: "The United States is testing its ability to exercise unilateral leadership, which we consider to be totally unfeasible."

To counter this possibility, Brazil advocates the establishment of a rigorous, detailed, undisputable set of rules for international coexistence "that would be sovereign and that would stand above individual interests."

A surprisingly broad consensus has thus far prevailed regarding the Persian Gulf conflict, including countries like the United States and the Soviet Union, China, and the United Nations, which have decided, without any major difficulty, to impose an economic blockade against Saddam Husayn's regime.

Summing up his opinion, the source said: "But the United States began to skip stages by overlooking diplomatic negotiations and by beginning to exchange insults, thus eliminating the possibility of an agreement."

INPE, U.S. To Begin Amazon Research Effort

PY2108035490 Brasilia Domestic Service in Portuguese 2200 GMT 20 Aug 90

[Text] NASA [National Aeronautics and Space Administration] and the National Institute of Space Research (INPE) will jointly research the effect of fires in the Amazon on the atmosphere. This information was disclosed by Science and Technology National Secretary Jose Goldenberg. Goldenberg commented on NASA interest in space research carried out by the INPE.

[Begin Goldenberg recording] A group of NASA experts spent a week at INPE with the purpose of increasing cooperation with this institute. In other words, our research—our research capacity—has reached such a level that the INPE is a brother institute of NASA. Talks on other means of cooperation were discussed. One very interesting proposal is investigating the impact the fires in the Amazon region have on the atmosphere of the Atlantic Ocean. This is, in fact, a new proposal because what is usually assessed is the effects fires have on Brazil. This proposal is different because it is known that this problem has an impact on the entire world climate.

In addition to this program there are various others, which shows that the high level of our research has allowed NASA to approach us and [words indistinct]. Therefore, we will now be able to carry out highly developed space research and this, I believe, places Brazil in an extremely favorable position in the international context. [end recording]

Goldenberg explained that the equipment to be used by INPE will be supplied by NASA. He also said that he

believes this U.S. cooperation will contribute to learning about the behavior of the climate, even in the northeastern region, where INPE has other research centers.

Blackout in Goias, Federal District Reported

PY2008184390 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 20 Aug 90

[Text] There is a shortage of electric energy in Goias State and in the Federal District. Brasilia is virtually inactive. There is a breakdown in the Furnas [Furnas Electric Power Plants, Inc.] powerlines. It is a maximum emergency situation. At this moment, Brasilia is supplied by just one line of the Cachoeira Dourada power plant. [passage omitted]

At this moment, reporter Claudia Miani is at the Planalto Palace with presidential spokesman Claudio Humberto Rosa e Silva. She has new information on the energy shortage in Brasilia.

[Begin recording] [Miani] The Planalto Palace was also hit by the blackout. Today, it could only operate with the assistance of a generator. I am going to talk with Claudio Humberto Rosa e Silva, the Planalto Palace spokesman here, who will explain to us, who will give us more details on this situation.

Does the government have any information already that this was sabotage?

[Rosa e Silva] The government is investigating this. However, the most serious problem is that the public service is paralyzed and the fact that dozens, perhaps hundreds, of people, whose lives depended on electric energy, were in intensive care units and in hospitals. Without electric energy, these people are running a serious risk.

An initial assessment by the federal police, who are already in the field conducting a technical investigation, indicates that some insulators of the (Estubiara) powerlines were destroyed. This destruction took place 90 km from Brasilia.

[Miani] And who did this?

[Rosa e Silva] The federal police are investigating this. This is an act of vandalism, something that the government regrets deeply. Nevertheless, the federal police are investigating this so that the people responsible will be punished in an exemplary manner.

[Miani] Very well. Thank you, Claudio Humberto. This was Claudia Miani reporting from Brasilia for the "Hoje" newscast. [end recording]

* Businessmen Evaluate New Industrial Policy

* Pros, Cons Assessed

90SM01894 Sao Paulo ISTO E in Portuguese 4 Jul 90 pp 46-50

[Unattributed article: "Free Entry: Government Decontrols Imports and Announces New Industrial Policy"; first paragraph is ISTO E introduction]

[Text] Some background: In 1808 Joao VI, threatened by Napoleon, came to Brazil and opened the ports. Collor had a different kind of problem to deal with: the empire of protectionist red tape, built over the past 50 years.

Exactly 182 years after Joao VI opened the Brazilian ports to the so-called "friendly nations," President Fernando Collor de Mello is taking similar action and opening the national economy to foreign competition. In 1808 the Portuguese regent ended Portugal's trade monopoly with colonial Brazil. In 1990 Collor is taking a definitive step toward ending Brazilian protectionism, which protects domestic industry from the competition of imported products. From the lips of Minister of the Economy Zelia Cardoso de Mello the country learned on Tuesday, 26 June, of a comprehensive and ambitious program that facilitates imports, reformulates industrial policy, and integrates Brazil into the international marketplace, from which it has been isolated for almost 50 years. "We are going to change completely the model that has been in effect until today," the minister said in announcing the program.

These measures put an end to the cycle of industrialization begun in the postwar period—a cycle that can be summed up as an effort to replace imports. This policy made possible the creation of Brazil's industrial establishment, aided by incentives in the form of fiscal and financial subsidies, and it was protected from foreign competition by ever longer lists of products whose importation was prohibited and by controls in the form of tariffs that discouraged the purchase of goods and equipment abroad. There were excesses in the implementation of this model. For example, although Brazil is the only producer of guava paste in the world, a 1955 law provided that imports of this product were subject to a duty of 55 percent—an aberration that lasted until 1988.

This walling off of the country was intensified by the foreign debt crisis, during which exports were found to be the only way to obtain dollars. As a consequence, purchases abroad were further reduced. At the beginning of the 1970's, imports consumed eight percent of the GDP. Today, excluding petroleum, they consume barely four percent. "Not even China has so low a figure," says Joao Maia, national secretary of the economy. In the absence of foreign competition, the practical result of this model was complacency on the part of domestic industry, which began to make products that were more expensive and of a quality inferior to those produced abroad. Also contributing to this result were the governmental impediments blocking access to modern

machines, equipment, and technology. The Brazilian program—relying perhaps on the experience of Argentina, where the "opening" to imports caused the scrapping of its industry—formulated a strategy of gradual "opening" based on the following points:

- 1.A progressive reduction in the levels of protective tariffs.
- 2.The competitive restructuration of industry through credit supports and the strengthening of the technological infrastructure.
- 3.The planned exposure of Brazilian industry to international competition.

"Philosophically, the program is in line with the thinking of my organization," said businessman Mario Amato, referring to the entity he heads, the Sao Paulo State Federation of Industries [FIESP]. "A precipitous policy could destroy our industrial establishment," he declared, emphasizing the gradualism in the implementation of the measures. Some of these measures, however, will take effect immediately, such as the reduction in the duties on thread, fabrics, and clothing and the elimination of duties on the importation of products that have no domestic counterpart, principally machines. "The government anticipates that the items experiencing the most pressure from imports will be electric household appliances, toys, automobiles, and some refined chemical products," comments Mauricio de Souza Assis, chief of the Trade Coordination Office, an organ created to replace CACEX [Foreign Trade Department].

Also scheduled to take effect immediately is the collection of a lower IPI [Manufactured Goods Tax] on the production of vehicles equipped with engines that have a piston displacement of less than 1,000 cc. Quantitative controls on imports will be eliminated, and the procedure for issuing import permits for the purchase of goods abroad will be speeded up. Minister Zelia promises to reduce to five days from 60 days the time required to issue the permits. She also announced the creation of six commissions that will revise or create mechanisms to provide support for the new industrial configuration that the government is planning to establish. These commissions will deal with matters as diverse as the Informatics Law, the industrial property code, creation of a Foreign Trade Bank, technological training, legislation concerning the motion picture industry, and reform of the system of customs duties.

The most important of these commissions is the one that will deal with informatics. It is scheduled to present within 60 days a bill providing for an end to protectionism. "This is a sector that runs risks and will have to adapt very rapidly," comments economist Simao Silber of the Department of International Economics of the University of Sao Paulo. Under discussion in this connection is the importation not only of computers but also of computerized machines and equipment that will make these products cheaper and improve their quality. "Informatics is the lifeblood of modernization," says Secretary of the Economy Joao Maia.

The commission that will deal with changes in the industrial ownership code will have more time to prepare a proposal. The government plans to send to Congress in March of next year a bill providing for simplification of the procedure for the transfer of technology, which currently takes two years. The example of Mexico may be followed in this bill. There, such transfers are made by contract registered with a government agency, and the government merely oversees the process. As for the reformulation of the system of customs duties that will entail revision of those duties that were not reduced immediately, the commission has until 31 December to present its proposal. The objective is to reduce the average rate to 20 percent by the end of 1994, with a minimum of zero percent and a maximum of 40 percent.

Having been kept at a distance from the process of drafting the ambitious industrial policy program, the principal business organizations breathed more freely with the announcement of these measures. The government ended all prohibitions and quantitative restrictions applied to imports, but opted for gradualism in reducing those taxes that still protect companies from foreign competition. It thereby opened the way for businessmen to participate in the discussion of the next steps to take in implementation of the policy. "We were concerned about the manner in which the policy would be put into effect. The possibility of participation by private enterprise has alleviated our concern," said FIESP president Mario Amato.

Businessmen Want Gradual Opening

Within the FIESP, several committees that were already working on the preparation of components of an industrial policy are expected to send their suggestions to the government shortly. The basic concern now relates to the pace of the reduction of import duties in individual sectors. The Sao Paulo businessmen want these duties to be differentiated and adapted to the capacity of each sector. They suggest, for example, that the duties on raw materials be reduced more rapidly and that these reductions be compensated by a slower pace of reductions for components and end products, which would then be in a better position to meet foreign competition.

Gradualism is necessary in order to pass from a phase of total protection to one of decontrol, according to Ester Kok, vice chairman of the Committee on Industrial Policy of the CNI (National Confederation of Industries). Businessman Kok emphasizes, however, the major limitation inherent in the new policy, namely the shortness of the breathing spell provided by the foreign exchange reserves. This is another reason why the opening needs to be gradual, Michel Abdo Alaby, foreign exchange consultant in Sao Paulo, emphasizes. He believes these measures may signify "a new technological revolution in Brazil, if it is undertaken on a realistic

basis." He emphasizes, however, that if there is a very great rush to import—to the extent of endangering the foreign exchange reserves—the government will be able to reverse itself and close off foreign trade once again. But what is most likely, in Alaby's opinion, is that this will be avoided naturally, as the result of an "agreement among domestic suppliers to arrive at more competitive prices without participation by the government."

Marcio Fortes, president of BANERJ [Rio de Janeiro State Bank], is less optimistic. While he praises the formulation of the policy, he regards the policy as difficult to implement and doubts the ability of the present economic team to sustain it. Fortes says that in addition to the shortage of foreign exchange for importation, "there is a shortage of staff to implement the policy." He believes that the "opening" to trade further strengthens the position of the United States as a preferred partner. "The industrial policy is still not sufficient to attract Japanese capital," he declares.

Already "burned" by the abrupt reversals of Brazilian economic policy, some executives of multinational companies are reacting cautiously to the opening of the ports. Robert Broughton, president of Shell of Brazil, suggests waiting to see how the measures are going to be implemented. In his opinion the measures are positive and "represent a challenge both for domestic companies and for foreign companies that are established here, because they now will all have to compete with the efficiency that exists in other markets." Broughton believes that the reduction in tariffs is something that will benefit investments and stimulate production.

The government has also prepared a modest enticement for foreign capital. Together with the industrial policy measures, it announced the release—in six amended parcels—of a total of $1.8 billion in the form of dividends, bonuses, and other profits that the multinationals are entitled to remit abroad but that have been retained by the bureaucracy of the Central Bank [BC] since December of last year. Eduardo Lessa Bastos, president of the Brazil-Great Britain Chamber of Commerce, believes however that the "opening" was "very timid" in this respect. He says that by the end of 1992 the foreign companies could lose around $300 million simply because the money retained in the BC is not earning the eight percent per annum average interest it would have earned if it had been circulating in the market or invested in assets. The $300 million, he emphasized, would be sufficient to establish other companies in Brazil.

New Clothes for Industry

The first concrete test of the new industrial policy will be carried out toward the end of the year in the textile sector. As the sector most responsible, in the eyes of the government, for the unwelcome return of inflation since the Collor Plan, the textile production chain—from the raw materials to the finished garments—is now squarely in the gunsights of the economic team. The government wants this sector to step on the gas and step up its investments in technology, and has accordingly moved up by four years the reduction in import duties that was provided for in the Integrated Sectorial Plan agreed upon with the Sarney administration (see box).

The reduction in duties was received enthusiastically by the garment industry. In an open confrontation with the manufacturers of fabrics, whom they blame for the high prices on Brazilian clothing, ABRAVEST—Brazilian Association of the Clothing Industry—went so far as to demand last May the reduction to zero of the import duties on all products in the textile chain. ABRAVEST president Roberto Chadad, however, regards as correct the government's moderation in reducing the duties by stages, in a manner "that does not threaten or penalize anyone." He does not believe that for the moment the garment industry has any reason to rush to import. He is sure, however, that from now on the manufacturers of fabrics "will have to check world prices before revising the prices on their products, and this can have the effect of ensuring greater stability in the prices for clothing. The fabric manufacturers will now have to cancel the 30 percent increase they had planned for July," Chadad says.

On the other side of the trenches, Luis Americo Medeiros, president of the Federation of the Spinning and Weaving Industry of Sao Paulo, denies any intention to raise prices. He also insists that the textile industries are able to live with the current duties. One sector that has been harmed, he says, is that of the producers of synthetic thread and fibers, for whereas the duty on natural raw materials such as cotton was reduced to zero, the duty on the raw materials used in the production of synthetic fibers remained the same. Consequently, the manufacturers of these fibers "will have difficulty making the investments for modernization of their equipment and expansion of their production," declares Luiz Carlos Magalhaes, manager of Rhodia's Fiber Division. The domestic prices on petrochemical raw materials are approximately 30 percent higher than those on the world market. The same differential can be seen in the case of fibers, and reducing it would be difficult without a corresponding reduction in the price of the raw materials, Magalhaes says.

"Everything must be done with great calm," Luis Americo Medeiros insists. Some manufacturers of fabrics, however, already believe it will be impossible for the sector to be in a position by 1994 to meet international competition. That is the year the government plans to equalize the import duty at 20 percent on virtually all products that have domestic counterparts. But Marcelo Silveira da Rocha, president of the interlocking group that comprises MULTIFABRIL, MULTITEXTIL, and Nova America, believes that at least five years of preparation will be necessary to establish a level playing field for the contest between the domestic industry and the foreign industry. The gap to be closed is very wide, and he estimates that approximately 95 percent of the

165,000 looms of the companies in the Brazilian textile sector are technologically obsolete.

The Dream of Consumer Goods: Still Remote, Still Expensive

Brazilian consumers, who for long have nourished the dream of access to a greater quantity of imported products, will have to wait a little longer. Although with the "opening" to foreign trade importers have already gone into action, no one should expect to find stores crammed with imported novelties. The fact is that importing is an operation that takes time, from closing the deal abroad to shipping the goods and delivering them to the local market. Moreover, the importers will first have to make comparative surveys of the prices on similar domestic products, and subsequently check with the foreign producers to ensure a continuous supply in order not to be caught short. "The companies will make this check and seek to import if and where it is profitable. In the case of food, beverages, and cleaning products, this process will probably require at least three months," estimates Alvaro Luiz Furtado of the Federation of Retail Grocers of the State of Sao Paulo.

Prices initially will also not be particularly accessible. What the government did was to eliminate the prohibitions and the import quotas. For most products, however, the import duties continue to be high. Other additional costs also have the effect of still further raising the prices on imports. For example, just to get the product off the ship and onto the company truck, Brazilian ports charge on the average twice as much as European and American ports do. The government promises to simplify import procedures and reduce port charges, and this will require a good deal of time for analyses, studies, and negotiations. Only the duties have a definite time schedule for their reduction. By 1994 the duty on products that have domestic counterparts is scheduled to remain at around 20 percent. Liquor, videocassettes, video cameras, and automobiles today pay an 85 percent import duty. Moreover, imported automobiles pay the same IPI [Manufactured Goods Tax] and ICM [Merchandise Distribution Tax] as the domestic product, and accordingly arrive at the dealerships in Brazil at a price 207 percent above the original price. The possibility of importation was therefore limited to the more sophisticated models intended for buyers who can afford the luxury and style of a BMW, Porsche, or Ferrari, all of which have already begun to be sold by Brazilian distributors. Volkswagen, Ford, GM, and FIAT are also preparing to import luxury models made by their subsidiaries in Europe.

FIAT is also about to introduce a new model that will enable it to take advantage of one of the measures included in the industrial policy package. The Manufactured Goods Tax (IPI) on automobiles equipped with an engine that has a piston displacement of less than 1,000 cc was reduced to 20 percent from 37 percent. The company accordingly plans to introduce here its "Uno" model equipped with an engine that has a piston displacement of 990 cc—a model that until now has been produced in Brazil exclusively for export to Italy. With an eye to the younger consumers who are buying their first car, FIAT plans to put the new Uno on the Brazilian market within three or four months. The reduction in the IPI will enable it to be sold for 15 percent less than the other Uno models marketed here. The other automobile manufacturers do not appear to be interested in having an entry in this bracket of lower-powered cars.

[Box, p 47]

Green Light: What Is Already in Effect

a. End of import quotas for products and for companies.

b. Reduction of import duties for the entire textile sector.

c. Issuance of import permits within a maximum of five days.

d. Reduction of the nationalization index required for government financing.

e. Zero percent duty on products that have no domestic counterpart.

f. Reduction of the IPI on cars equipped with engines that have a piston displacement of less than 1,000 cc from 40 percent to 20 percent.

Yellow Light: What Is Being Negotiated

a. A new Informatics Law.

b. Revision of the Industrial Property Code to provide for recognition of patents in the pharmaceutical sector.

c. Revision of antitrust legislation.

d. Creation of a Foreign Trade Bank under private control.

e. Modernization of the port infrastructure.

f. A phased reduction of import duties, which are scheduled to average 20 percent by 1994.

[Box, p 48]

Phased Reduction in Import Duties on Textile Products

a. Cotton, wool, and silk: raw materials, reduced to zero today from previous 10-20 percent; thread, to 20 percent from 40; fabrics, to 40 percent from 65; clothing, to 50 percent from 85.

b. Artificial and synthetic fibers: raw materials, remain at 20-40 percent; thread, reduced to 20 percent from 40; fabrics, to 40 percent from 65; clothing, to 50 percent from 85.

[Boxes, pp 48, 49]

Present and Future Prices (calculated to include all current duties and part costs and the reduction to a 20 percent duty by 1994)

a. BMW 320-i: price at source, $50,380; price here today, $155,140, in 1994, $101,370.

b. Crepe skirt and blouse: price at source, $3,300; price here today, $6,130, in 1994, $4,920.

c. Camcorder TR-55: price at source, $1,100; price here today, $2,860, in 1994, $1,870.

d. Johnny Walker whisky: price at source, $16; price here today, $81.50, in 1994, $53.

e. Beaujolais wine (French): price at source, $4.50; price here today, $11.20, in 1994, $7.30.

f. Trinitron TV: price at source, $1,000; price here today, $2,590, in 1994, $1,770.

g. Sony Video Walkman: price at source, $1,000; price here today, $2,600, in 1994, $1,700.

h. Reebok tennis shoes: price at source, $70; price here today, $130, in 1994, $104.

• Economy Minister Interviewed

90SM0189B Sao Paulo ISTO E in Portuguese 4 Jul 90 pp 50, 51

[Interview with Minister of the Economy Zelia Cardoso de Mello on 28 June: "Everything Could Happen, or Nothing Could Happen: The Minister Does Not Risk Forecasting the Results"; place and date not given]

[Text] On Thursday, 28 June, Minister of the Economy Zelia Cardoso de Mello granted the following exclusive interview to ISTO E SENHOR:

[ISTO E] In view of the new measures announced by the government, the industrial sector must get ready to *meet* foreign competition—which presupposes the need for investments. How can this be reconciled with a situation that is one of recession?

[Cardoso de Mello] We created a commission that will provide a schedule for the reduction of customs duties beginning next year and ending in 1994. All this has one aim: during these months we shall be completing a process of stabilization of the economy and making another Informatics Law, another software law, another industrial property law, and a multiyear government budget. Industries will be able to draw up a schedule of investments beginning in 1991 that will be consonant with all this.

[ISTO E] Does the government have instruments for encouraging these investments—some programs, some special lines of credit for financing?

[Cardoso de Mello] No, it does not. We have made it very clear what action the government will take. The new administration is not going to do as in the past, when fiscal incentives, administrative controls, quantitative controls, and credit incentives were used. It is going to take action in respect to coordination, institutional structuring, and matters relating to technology and education.

[ISTO E] The banks allege that as a result of the ruling regarding demand deposits and the compulsory purchase of Certificates of Nationalization they are without resources to finance companies in the private sector. How can this ruling be reconciled with the need to finance these companies?

[Cardoso de Mello] That is what a commission will study—the proposal for a Foreign Trade Bank.

Government Will Not Finance Private Companies

[ISTO E] How will the bank function? Where will it obtain resources?

[Cardoso de Mello] At the present moment I do not know. We knew there was a need at this time to have a Foreign Trade Bank. Every country has one. We have received a number of proposals from the private sector for the creation of a public foreign trade bank, but we are not going to do that. We believe it is better to form a commission and have people with expertise in this area study the question, and then we shall have a proposal.

[ISTO E] Couldn't the "opening" to imports cause the same damage as that experienced by the Argentine industry during the tenure of Minister Martinez de Hoz? Couldn't it result in the scrapping of the Brazilian industry?

[Cardoso de Mello] I believe that is hardly likely. We are trying to construct a policy that combines prudence with boldness. I say boldness because we are truly going to make a 180 degree turn in the entire orientation of industrial policy. We have a completely new starting point. I say prudence because we know that Brazil today has an inefficient and obsolete industrial establishment in some sectors, also through no fault of the entrepreneurs. The adoption of an across-the-board customs duty—whether it be 20 percent or 15 percent—*would* be an irresponsible act that could lead to the destruction of Brazilian industry. We are taking a more prudent step, by appointing a commission that will listen to, discuss, and evaluate even those sectors that for many years were protected.

[ISTO E] What are you doing to solve the problem caused by the foreign exchange situation? Many economists raise this question: on the one hand the government is decontrolling imports, but on the other hand we have a serious foreign exchange crisis.

[Cardoso de Mello] This is solved in the marketplace. When imports increase the exchange rate will go up, and this is a factor that by itself will decrease imports, if this scenario is borne out.

'I Hope My Economist Colleagues Will Forgive Me'

[ISTO E] Do you have any statistics, or any predictions?

[Cardoso de Mello] No, I have not. What is happening is that the government is putting into practice a philosophy as to what the economy should be, what modernization—what the road to industrialization—should be: that is to say, what the decade of the 1990's should be, right? I hope my economist colleagues will forgive me, but they have the habit of looking at this new fact with the eyes of the past. That makes the dialogue difficult. Today we have a market mechanism called a floating exchange rate. Exports and imports will adjust themselves, of their own accord. The truth is that these same people have for many years upheld the theory that this could not be done because of the impact it would have on the foreign debt. We were determined that the foreign debt impasse would not be an obstacle to the modernization of our country.

[ISTO E] But our foreign exchange reserves are not sufficient to underwrite our imports.

[Cardoso de Mello] I cannot enter into this discussion. I would not insist on this point. We lived for 20 years in a closed system. I believe it would be presumptuous for any economist to want to say what is going to happen with regard to imports. We will have to see. It may be that nothing will happen; it may be that everything will happen. We are going to carry out this policy option—the option of modernizing the Brazilian industry under new conditions.

[ISTO E] We have a problem in the area of foreign exchange. How can we import more without a sufficient quantity of dollars?

[Cardoso de Mello] If we import more goods, the exchange rate will go up and we will export more goods. That is what I believe will happen. Exports will increase, but imports will also increase. The net result may remain the same, or be less. What is certain is that six months from now we shall have a level of exports and imports that is consistent with the prevailing exchange rate on the market.

[ISTO E] But the pressure exerted by foreign exchange—by a rise in the exchange rate—has always been reflected in inflation.

[Cardoso de Mello] No, that is not the case. That used to be true, when you had "foreign exchange indexation," which thank goodness the New Brazil Plan was able to eliminate. Today everyone is watching inflation and no one pays attention to the exchange rate, because it floats. Changes in the exchange rate will influence some prices that will have repercussions on the rate of inflation. At the same time, lower priced products will be entering the country. We shall be modernizing some sectors. We need to see how this works in the aggregate. Today we read in the newspapers that some products will be 50 percent cheaper, together with the possibility of importing parts and components duty free. We are doing something so new that people have not understood it. And it is so revolutionary that 15 different hypotheses can be constructed as to what will happen, but you cannot commit yourself to any one of them, because we are talking about variables with which we have had no experience in our country's economy. What is the demand for imported goods? After 15 years no one can say what it is. We do have indicators that tell us this is the moment to take this action.

[ISTO E] What are these indicators?

[Cardoso de Mello] The indicators that tell us of the need to modernize.

[ISTO E] Does the government have any instrument for channeling these imports into the modernization effort

[Cardoso de Mello] No, it does not. What we are doing today is controlling tariffs. In some cases we shall have to control at the source. This will be discussed within the framework of the commission that has been created. Today what we have are tariffs; a few goods whose importation is still prohibited, mainly by the terms of the Informatics Law; goods on which the duty varies from zero percent to 105 percent; and the floating exchange rate. Within the framework of these regulations you can import whatever is possible: there are no restrictions.

[ISTO E] The government has two political problems involved here: the Informatics Law and the recognition of patents. How do you plan to solve these problems?

[Cardoso de Mello] It would be inconceivable for us to propose an entire policy that asks for an end to protectionism—an end to the protected market—and leave something undone. It would be inconsistent, because industry would in fact not be able to modernize. I note that very few sectors have expressed opposition—and these are overruled by the irreversible flow of history.

Chile

Pinochet Opposes Sending Chilean Troops to Gulf

PY2008210090 Santiago Radio Chilena Network in Spanish 1700 GMT 20 Aug 90

[Claudio (Delmor) report from the War College]

[Text] This afternoon Army Commander in Chief General Augusto Pinochet said that the Army is meant to defend Chile, and no one else. Thus, he ruled out sending soldiers at the request of the United Nations to the Middle East where there is an international conflict going on at this moment. He pointed out that the Army has nothing to do there.

[Begin recording] [Reporter] [Words indistinct] in the Middle East, is there any possibility that [words indistinct] will go there?

[Pinochet] [Words indistinct].

[Reporter] Then, you disagree with [words indistinct]?

[Pinochet] [Words indistinct]. However, this is very clear. What will we do out there?

[Reporter] [Words indistinct].

[Pinochet] Miss, we are meant to defend Chile, and no one else. No one else [words indistinct]. [end recording]

Pinochet also discussed the launching of a smear campaign by some sectors of the citizenry, a campaign the Army claims it is experiencing. In this regard, he said that, in his opinion, there is indeed a campaign.

[Begin recording] [Pinochet, in progress] ...very clear.

[Reporter] General, about the assessment by the defense minister that there is no campaign against the Chilean Army, what is your opinion?

[Pinochet] [Words indistinct]. There is indeed a campaign. [words indistinct] [end recording]

Pinochet reiterated that he is still apprehensive about the scope of the Rettig Commission despite the remarks Interior Minister Enrique Krauss made in his speech.

This is a democratic country, Gen. Pinochet said. I do not share his opinion and that is the end of this issue, Pinochet added. My apprehension continues; why should I change my opinion as a result of Mr. Krauss' remarks, Pinochet said. I look at him, I read him, and I remain silent, Pinochet pointed out.

Gen. Pinochet made these remarks at the end of a ceremony held this afternoon to mark the 212th anniversary of Liberator General Bernardo O'Higgins' birthday.

Krauss on Aylwin's Role Over Armed Forces

PY2108024490 Santiago Radio Cooperativa Network in Spanish 2300 GMT 20 Aug 90

[Relay from Chillan by Manola Robles]

[Text] The important thing is who governs the country. This statement was made by Interior Minister Enrique Krauss when asked for his opinion on General Augusto Pinochet's comment that President Patricio Aylwin is only supreme commander of the Armed Forces in time of war and that since Chile is not at war, he is not supreme commander of the Armed Forces.

[Begin Krauss recording] I think it is an unimportant comment that only has a semantic meaning: what being supreme commander means. If it is interpreted within the context of a conflict, it is probably correct and even justifiable from the constitutional point of view. The important thing is who governs the country. As Pinochet explicitly admits in the interview, the country is governed by the president of the Republic, and this is the important thing. Be it in time of peace or war, the country is governed by the person chosen by the people. [end recording]

When asked his opinion on relations between the government and the Armed Forces and, specifically, the Army, Enrique Krauss said they were good; some adjustments are necessary but they are taking place satisfactorily.

As for Pinochet's comment that to seek the truth means opening wounds and causing problems, Krauss stated, regarding the violation of human rights, that he did not believe that was what General Pinochet really meant. He added that what he regarded as important was the effort being made by President Aylwin to achieve the reconciliation of the Chilean people. Aylwin has said that there will be no justice without truth and that without justice there will be no reconciliation. Krauss added that the government has stated that no one should fear the truth. If the country does not learn what really happened, it will not prevent another return to the past. This effort is being made with reasonable results and this is all that is necessary for an authentic and durable reconciliation.

UN To Mediate Release of Citizens in Iraq

PY2008212490 Santiago Television Nacional de Chile Network in Spanish 1800 GMT 20 Aug 90

[Text] Chilean Foreign Minister Enrique Silva Cimma has said that today the Chilean Government officially asked the UN to mediate the release of Chilean citizens held in Iraq.

[Begin Silva Cimma recording] I have officially asked the UN secretary general to mediate the case of our fellow countrymen who are in Iraq. He has kindly agreed to intercede so that the seven Chileans can immediately leave that country. [end recording]

Argentine Foreign Minister Concludes Visit

PY2108034690 Buenos Aires DYN in Spanish 1212 GMT 19 Aug 90

[Text] Santiago, 19 Aug (DYN)—The Argentine and Chilean foreign ministers have ended negotiations on bilateral agreements that Chilean President Patricio Aylwin and his Argentine counterpart, Carlos Menem, will sign in Santiago at the end of the month. The agreements will seek to overcome the influence that Argentine efforts to stabilize its economy will have on Chileans within the bilateral supplementation program.

Argentine Foreign Minister Domingo Cavallo, who came to Chile to arrange the details of Menem's visit to Chile between 27 and 29 August, has ended an official visit that lasted more than 48 hours. During the visit, Cavallo engaged in negotiations aimed at promoting the bilateral supplementation process the two countries will officially begin with the meeting of the two presidents.

Cavallo and his Chilean counterpart, Enrique Silva Cimma, finished some details of the protocols that will be signed in 2 weeks. The protocols deal with matters ranging from the opening of border passes and border issues to cooperation in research that the Armed Forces have performed within the Antarctic Treaty.

It has been learned that progress was made on the study of creation of a legal system that will allow binational enterprises to receive "the treatment of national enterprises" in either country.

Gladys Marin Comments on Communist Party Status

PY2008214090 Santiago APSI in Spanish 15-21 Aug pp 14-16

[Interview with Gladys Marin, member of the Communist Party of Chile's Political Commission, by Jorge Andres Richards; place and date not given]

[Text] [Richards] Why did the Communist Party of Chile (PCCh) expel Luis Guastavino?

[Marin] Luis Guastavino's situation has been discussed for a long time within the PCCh—for at least three or four years. The PCCh has made every effort to hold a deep, democratic, and complete discussion by gathering all of Guastavino's proposals. The disagreements, however, have intensified, and the PCCh and Guastavino currently have different projects.

[Richards] Could you explain those different political projects?

[Marin] We still agree that the socialist position is still valid despite the crisis.

[Richards] Do you think Luis Guastavino has a different opinion?

[Marin] I think he has a different position. He supports a different project.

[Richards] A sociodemocratic project?

[Marin] No, I will not describe it. I believe that we are expressing different opinions at a very complex time for him, the PCCh, and the entire world.

[Richards] Does this mean that the PCCh does not accept internal disagreements?

[Marin] We do accept disagreements. We think different opinions are necessary to prevent the collapse of the party.

[Richards] How do you explain Guastavino's situation?

[Marin] We accept different opinions, but we cannot accept the organization of factions within the party. I don't believe that any party would accept this either; that is another issue. I say this because factionalism inevitably leads organizations to personal struggles for power. I want to say finally that Guastavino has not been expelled from the party, but he has been suspended.

[Richards] What is the difference?

[Marin] The difference is that expulsion has another significance. Expulsion is the most drastic disciplinary measure that can be adopted.

[Richards] Does this mean that the PCCh does not expel anyone anymore, that it only suspends them?

[Marin] It used to expel people, but I expect it will not do so now.

[Richards] Guastavino said that the PCCh leadership enacted a "schizophrenic and uncontrolled" manner against him.

[Marin] I think this is an opinion provoked by heated discussion, which can be exciting and oftentimes distorted. That's life, with couples and society. I don't think that it was coolheaded enough. Anyway, I think time will help.

[Richards] I want you to tell me plainly: Is there a crisis within the PCCh?

[Marin] Yes, a crisis is taking place because of the changes in the world.

[Richards] How would you describe the crisis within the PCCh?

[Marin] How can I describe it? I think it would be clear to say that there is a crisis within the party because in the past we refused to accept that such a crisis could exist.

[Richards] Why didn't you accept that there used to be crises, and why do you accept it now? What happened?

[Marin] Life has slapped us and taught us. The communist parties are affected by all the changes we have to make. I believe that we were very dogmatic.

[Richards] You were also orthodox.

[Marin] Probably. We have been a close party. The crisis is serious because we jumped from that stage to an open discussion in which many secrets are being revealed.

[Richards] Do you think the PCCh's current crisis reflects the collapse of Marxist-Leninist ideology or the construction of socialism in Eastern Europe?

[Marin] I believe a model has collapsed. We continue to maintain the idea of socialism.

[Richards] You continue, then, to be Marxist-Leninists?

[Marin] Yes.

[Richards] Do you think the principles of Marxism-Leninism are too old?

[Marin] No, we are about to recover the best principles of Marxism-Leninism by rebuilding it, because this crisis must help Marxism to flourish again.

[Richards] What will be the main points for renewing and rebuilding this organization?

[Marin] We should first make a great effort to define the socialism that should be implemented in Chile.

[Richards] What kind of socialism is that?

[Marin] We have to take into account the principles of some popular movements in Chile and other Latin American countries. I believe that for a long time we have set aside our reality to follow the European model.

[Richards] What about violence? Is it legal to resort to this method under a democracy?

[Marin] It is not the people nor the leftist parties that generate violence. Violence prevails within society. There are several stages of violence. What the PCCh did during the dictatorship was to respond to Pinochet's violence. We are now confronting a very different stage, and we are happy about that. We have disagreements with Aylwin's administration. We think, however, that the establishment of this government was an important step. We should therefore not resort to violence.

[Richards] Then the activities of the FPMR [Manuel Rodriguez Patriotic Front] are not justified?

[Marin] The FPMR is an autonomous organization. It is up to them to decide whether they will continue their actions.

[Richards] I am asking you if you are justifying the existence of the FPMR?

[Marin] I think that the situation has changed in Chile. Everybody should take care of this transition to democracy.

[Richards] You have not answered my question.

[Marin] It is up to them to make those decisions.

[Richards] Going back to the party's renewal, do you, for example, believe that democratic centralism should continue to exist within the PCCh?

[Marin] Yes, and not only because the PCCh conference reasserted this. Although some people may say it is useless, we believe centralism means democracy within an organization. We favor deep-rooted discussions, even the disclosure of varied ideologies, within the party. However, we must all respect the PCCh's political decisions. In this sense, united action is necessary.

[Richards] Does this mean that whoever does not respect the decisions leaves the party?

[Marin] Whoever does not respect the decisions must put up with the consequences.

[Richards] Do you still believe the USSR is the homeland of international communism?

[Marin] We never said the USSR was communism's homeland.

[Richards] Then let us call it "the Vatican" of communism.

[Marin] Yes, that is right, the USSR has always been regarded as the center of the revolution.

[Richards] Is that no longer the case?

[Marin] No, I believe we no longer have a point of reference on an international scale. In any case, we view Latin American developments with greater sympathy because we feel much closer to this continent. Frankly speaking, we are much more interested in what is happening in Cuba because it belongs to Latin America.

[Richards] Does this mean that you are currently much more interested in what happens in Cuba than in the Soviet Union?

[Marin] I feel much closer to Cuba.

[Richards] You are registering under the law on political parties. Are you going to abide by this law on the holding of universal and direct elections for all leaders, including the party's chairman and general secretary?

[Marin] For the time being we are going to completely accept this law, but are going to work very hard to amend it.

[Richards] Are you going to elect your leaders directly despite the crisis?

[Marin] We will do what the law says and if we have to elect our leaders we will do so.

[Richards] What is the PCCh's current policy on alliances? Will it insist on the historic PCCh-PS [Socialist Party] axis?

[Marin] I do not believe we will have the same allies and partners. A new form of understanding between the leftist parties must be sought. This relationship should not only include the socialists and communists, but all other parties.

[Richards] Do the leftists currently favor an alliance with MIR [Movement of the Revolutionary Left] or with the PS?

[Marin] We are in favor of an alliance with the entire leftist sector.

[Richards] Are you in favor of rebuilding a leftist front in Chile?

[Marin] I believe a leftist choice, which may propose more deep-rooted changes in the country, is necessary.

[Richards] However, many believe the country's stability will be achieved through a permanent alliance of the DC [Christian Democratic Party] and the PS.

[Marin] I believe that the PS, due to its definition, enriched and renewed as it is now, should be in the left and not in the center. Some sectors within the PS probably favor this new alternative of a more permanent understanding with the DC.

[Richards] What is more, there are sectors within the PS that favor a change in the political system so that there is a president and a prime minister, one of them a socialist and the other a christian democrat.

[Marin] I do not think that will happen. I believe that a leftist alternative will gain a lot of strength in Chile.

[Richards] Is that what you are working for?

[Marin] Naturally.

[Richards] In this sense, are you, like other political parties, already proposing a candidate for 1994?

[Marin] I believe it is a rather irresponsible attitude to start worrying about presidential candidates for 1994 when there are so many urgent problems to solve now. We will make our announcement on the matter when the time comes.

[Richards] One last question. For a long time, and probably more so during this past decade, Gladys Marin has been a symbol of the PCCh's hard-line sector. What responsibility do you have in the current PCCh crisis?

[Marin] I have the responsibility all party leaders have. Leaders are responsible for the good and the bad, for the difficult times and for the not so difficult times.

[Richards] But, don't you think your stance is responsible for the crisis?

[Marin] I think it would be very ambitious of me to believe that I am responsible for the crisis because it is not only negative, the crisis also opens the possibility of developing, of rectifying oneself, of growing. Therefore, this goes beyond the responsibility of a single person, these are more deep-rooted phenomena. They are phenomena that take place at an international level, within parties and societies, and in which the people play their role and assume their responsibility. I assume my responsibility.

Carbineros Director Stange Departs for U.S.

PY2008160390 Santiago Domestic Service in Spanish 1100 GMT 20 Aug 90

[Text] A Carabineros official communique reports that General Rodolfo Stange, Carabineros director general has traveled to Washington, D.C. at the invitation of the FBI. In addition to making official visits to FBI facilities, Gen. Stange will hold some meetings with FBI agents to discuss issues of common interest.

The communique says that, during his absence, Gen. Stange will be replaced by General Gabriel Ormeno, Carabineros deputy director.

Colombia

Commentary on Dangers of Increased Oil Production

PA2008141390 Bogota EL TIEMPO in Spanish 11 Aug 90 p 4B

[Unattributed commentary]

[Text] If the Arab conflict worsens and there is a shortage of petroleum in the international market, Colombia would be able to increase its daily production by 50,000 barrels, bringing its level of exports to a maximum of 250,000 barrels, including purchases by the state and private companies. Although the country's crude production is currently going smoothly—there have been no terrorist attacks in the past two months—and although it reached a record figure of an average of 451,405 barrels a day, increasing exports requires a preliminary study of two factors:

The oil pipeline that takes the crude to the points of shipment from Cano Limon—which is located in Arauca Department and is the largest oil field in the country, with reserves of one billion barrels—can pump 250,000 barrels a day. It is now working at 90 percent capacity. That oil pipeline is also used to transport the share of the Colombian Petroleum Enterprise (Ecopetrol) crude, approximately 19,000 barrels a day, to the Cartagena (Bolivar Department) refinery. To raise the level of exports, the mines and energy minister must authorize the increase in the oil pipeline's pumping capacity. Ecopetrol, in turn, must stop refining the Cano Limon crude for internal consumption and use crude from other oil fields. Also, experts from Ecopetrol and the companies with which Ecopetrol has joint ventures to exploit Cano Limon (Occidental and Shell) do not agree on technical aspects. Ecopetrol experts feel that to increase pumping, the oil pipeline must be fitted with resistant valves that will prevent breaks or spills. The experts from the oil companies feel that the pipeline does not require additional measures to withstand the higher load.

From an economic standpoint, Ecopetrol is handling crude exports in such a way that while exports bring in foreign currency and generate resources advantageous to its activities and social development programs, the country's self-dependence is not put at risk. If we consider that the exploration programs have not yielded the expected results, an increase of crude exports at this point may deplete our available resources—some 1.9 billion barrels—and Colombia would be forced to import crude even before 1997. That is why the offer by President Cesar Gaviria Trujillo to increase exports to cover a possible international shortage in the demand for oil must be carefully reviewed at home, according to a top ranking member of Ecopetrol's vice presidential office for trade. We have another pipeline that takes

Colombian crude to shipping points. It begins in the Orito (Putumayo Department) oil field and ends in Tumaco Port (Narino Department). Although in this case the pipeline could transport much larger quantities than it already does—approximately 13,000 barrels a day that are exported to Chile—the problem is that those oil fields are already being exhausted, and it is impossible to extract larger quantities.

Kuwaiti Ambassador Thanks Country for Support

PA2008220590 Bogota Inravision Television Cadena 1 in Spanish 1803 GMT 20 Aug 90

[Text] There is great expectation today about the urgent UN Security Council meeting to decide if the economic and commercial blockade against Iraq will continue.

Meanwhile, the Kuwaiti Ambassador to the United Nations Mohammad Abulhasan arrived in Colombia to thank our country for joining the worldwide rejection of the Iraqi aggression.

The Kuwaiti ambassador, who is visiting our country, said that the only solution to the Persian Gulf conflict is the withdrawal of the Iraqi troops currently occupying Kuwait. He dismissed the possibility of an armed confrontation in the Gulf despite the difficult situation. He criticized the bad treatment given to foreigners in Kuwait by the invaders and supported the U.S. Government's decision of the past few hours asking the United Nations to continue the blockade in the Persian Gulf.

[Begin recording] [Abulhasan, in English with simultaneous Spanish translation] The current situation will continue until Iraq decides to withdraw completely from Kuwait. The Iraqi Government must withdraw all the invading troops, restore the legitimate government of Kuwait, and thus maintain world peace.

[Reporter] The French Government has protested that 27 French citizens are being held hostage to be used in case of a U.S. military attack.

[Abulhasan] The occupation of Kuwait and the holding of hostages are acts of aggression, and such an attitude is against anyone who resides in our country. [end recording]

Ambassador Abulhasan is in Colombia on a 24-hour visit, during which he will meet with Foreign Minister Luis Fernando Jaramillo and foreign missions.

Ecuador

Borja State of the Nation Speech

PA1808153890 Quito Domestic Service in Spanish 2210 GMT 14 Aug 90

[State of the nation speech by President Rodrigo Borja at the National Congress in Quito—live]

[Text] Legislators: Because the Constitution requires it, I am here to present and read before the National Congress my annual progress report. It has nothing to do with the validity of the internal elections that are being discussed today. [applause]

I am not a judge in this parliament, therefore, my presence does not indicate anything regarding the elections. The challenges filed by some deputies should follow all legal procedures and the results should not endanger the integrity of congress or adversely affect my legal, moral, and democratic obligation to submit my report to the Ecuadoran people. [applause]

I want to take advantage of this opportunity to comment on a few political, economic, and social issues in the country. Beginning on 10 August, as a result of the provincial elections, [words indistinct] an important reorganization of political forces took place in parliament and in the country's regional organizations. This is normal within a democracy and its social mobility. No one should be alarmed about it. The important thing is that all branches of power should be subject to democratic discipline and follow the constitutional and legal norms that regulate our coexistence. There is no single authority that can go beyond its legal limit or framework.

The manifesto of the French revolutionaries at the end of the 18th century is still in effect. The participants said that "here should be no single authority with more power than the law. The laws of all civilized countries of the world are still following the theory of the [word indistinct] on constituent powers conceived in 1778 and included in modern constitutional doctrines. According to this theory, which has been incorporated into our constitutional laws, a distinction should be made between constituent powers, the people's sovereign right to draft their own legal order directly through a referendum or through a constituent assembly, and the constituted powers, legislative, executive, and judicial, which come from the constitution and are entirely subordinate to it.

Argentine constitutionalist (Carlos Sanchez Yamonte) said in his political science manual that the three branches of government, legislative, judicial, and executive, are constituted powers that are limited by the constituent power by the constitution. The national congress, the executive, and the supreme court should all be subordinate to the constitution. These branches should not undertake duties other than those already established by the constitution and the law. This is a well-known principle of public law. [applause]

To have the law prevail in government and to guarantee the rights of citizens so that none of the three branches can prevail over the others or install an authoritarian regime in society, a tripartite division of public authority was established and a complex network of reciprocal controls was created among the three branches of government.

The executive branch manages the state, staying within the framework of juridical norms established for it by the legislative branch, but the latter needs the concurrent agreement of the executive branch in order to issue laws. The judicial branch may prosecute the legislators or the president of the Republic with prior authorization from the congress, which is in turn empowered to subject magistrates of the supreme court and members of the executive branch to a political trial.

Thus a complex system of checks and balances is in place to prevent any of the three established branches from operating outside the framework of the law. Each branch has its own attributions that must be respected by the others, but each branch must also remember that in certain cases the constitution demands the concurrent involvement of more than one branch to ensure the validity of the actions.

The important fact is that this (?watchdog system) maintains a balance of power and guarantees liberty. Nevertheless, our country's legislative history shows that some legislators have frequently confused the national congress, which is an established branch, with a constituent assembly, and this confusion has led them to believe that legislative work is absolute and has no constitutional or legal limitations.

On certain occasions this has made the congress try to assume attributions not granted to it by any constitutional norm. This is why I believe that for the sake of our democratic system that no state authority may take on more powers than those specified in the country's juridical order.

For example, that confusion led to the issuance of bills that failed to comply with Article 72 of the constitution because they increased public expenditures, at times even with the laudable objective of making regional or provincial improvements, but that failed to generate the corresponding revenues and the respective financing sources.

On certain occasions, it was arranged so that the cost of a project was determined and an annual allocation was provided for in the annual budget. This certainly does not create sources of finance. It also does not create substitute revenues or increase those in existence, as demanded by the constitution. On the contrary, it increases budget expenditures. This is prohibited to the National Congress.

The parliamentary records also register certain attempts to intervene in the state's administrative duties, which are the exclusive responsibility of the Executive Branch; while it does not undermine parliamentary duties, it will check the actions of parliament. Briefly, gentlemen legislators, I want to say that we should all comply with the law. We should all subject ourselves to democratic discipline. Indeed, peace in the republic largely depends on the fact that the three branches of the political authority are subordinated to the constitution and the law.

Among the responsibilities that the constitution grants to the Executive Branch —and this is another of the definitions which I want to make—is the one to send to the National Congress urgent draft laws on economic issues. Congress in turn—or the full legislative commissions during their recess—should approve, modify, or reject the draft laws within 15 days. The constitution does not contemplate emergency projects—as certain individuals have said—but rather projects considered urgent by the president of the republic. It concerns projects that, according to the president's opinion, should be reviewed quickly. This means that a national emergency is not necessary for such projects to be considered. The legislative branch does not have the power to determine what is considered an emergency; the executive branch does.

This constitutional provision undoubtedly stems from pressing requirements of our contemporary life and from the speed with which social-economic events occur and develop in the modern world—events which require that action be taken immediately.

On this new occasion, I insist on the the need to maintain mutual respect among the three government branches and to coordinate their actions regarding the major national objectives, the attainment of which should not be subject to skirmishes among parties or minor squabbles among politicians. We have had bitter experiences of the consequences stemming from the struggle of power. Everything comes to a standstill. Solutions are postponed or become impossible. The government action is futile. The independence of powers is healthy. The checks and balances of power favor the liberty of the people. Also, the the parliamentary checks and balances help us get on the right road. But the battle among the legislators creates dangerous assaults against democracy.

I plead to the patriotism of the legislators to walk hand in hand in harmony despite the differences of opinion, to avoid the struggle for power, and to respect the right of the Ecuadorean people to live in peace. [applause]

When I took over office, the macro-economic disorders were huge, particularly in foreign, in currency, and in fiscal sectors. I had only three alternatives. One alternative was to sit back, do nothing, and watch the country disintegrate as other Latin American countries have done. Another option was to impose strict measures which the economists call shock measures and disregard the poor peoples' plight who have no way to face up to them. The third alternative was to apply gradual solutions, without creating panic, to progressively overcome the crisis with the least social cost, and distribute the burden of the adjustment proportionately among all the social-economic sectors including (?the government). There was no alternative. I chose the gradual solution and with this I have led the economic and social policies of the nation without foreign intervention. [applause]

I recovered for the government the power to direct the economy, which previously had been handed over to the

private sector, as well as to strengthen its regulating action on the production process to lead the nation towards a mixed economy system.

While this system would respect the role of private enterprise in development, the government would be able to establish the basic guidelines for the economic process and promote the distribution of revenue.

Those who have criticized me have not proposed any solutions at all to replace what they feel is wrong. They have merely voiced generalized, unrelated, and contradictory opinions. They want a reduction of interest rates, but they do not say what can be done to stimulate domestic savings or obtain financial resources from abroad. They propose eliminating the minidevaluations, yet they do not even outline an export promotion policy. They criticize the gradual increase in the price of fuels, yet they demand resources from the government for national and regional development works.

They engage in demagogguery when demanding salary increases, but they do not explain how these can be financed. The opposition members argue in the midsts of confusion, lack of ideas, and contradiction. Those who were in power until recently—and who had the ability to confront the problems—today are denouncing what they not only refused to do, but what they have worsened in a malicious and deliberate manner in order to harm my government.

Through the economic emergency plan, we proposed to do the following: correct the very serious unbalances of the economy; place the balance of payments in a situation where it could be maintained in the medium term; strengthen the international monetary reserve, which from a negative balance of $330 million has passed on to a positive balance of $163 million [applause]; normalize financial relations with international organizations and governments; resume negotiations with our creditors that had been interrupted; alleviate the social cost of the adjustment, provide the economic policy with seriousness, credibility, and foresight; and establish the bases for stabilizing the economy and reactivating production.

In order to achieve these goals, we established a medium-range development strategy. Our economic policies go beyond our presidential term. We have established the idea of ruling with a vision toward the future. Political and economic shortsightness has done great harm to Ecuador. The statement by Louis XV—after me, the deluge—has become our principle of government in the last few years.

In order to prevent this, we have chosen an economic policy that combines development with economic planning, social justice, the regulating intervention of the state, the participation of the people, regional and subregional economic integration, the defense of ecology, the rational exploitation of our natural resources, foreign investments in terms of national advisability, a transfer of technology, a growth of national product based on increasing exports and an efficient process of replacing imports, an increase in productive investments, an implementation of a thorough social policy, a reactivation of the production by society, and with a persevering struggle against inflation.

We have made significant achievements in these last 24 months of administration, particularly in the most critical areas of our economy. In the external sector, the negative balance of $330 million in the international monetary reserve that we received when we took over power has been changed into a positive balance of $163 million. This means that in 24 months, we have recovered $493 million of reserves, in spite of the fact we met all back payments in imports and other payment obligations left over from the previous government.

The back due payments of the Central Bank in its commercial type foreign obligations amounted at that time to $954 million and created serious difficulties for future financing and threats of halting the most important national development works.

The huge difference there was between the type of exchange in the free market and the market ruled by the Central Bank was an evident symptom of the lack of credibility in the exchange policy of the previous government that fomented the corrupt practices in the foreign trade operations that have currently been reduced from more than 100 percent to 12 percent.

We have renegotiated our entire debt with the government through the Paris Club in the amount of $336 million. We are up to date on our obligations with the multilateral credit organizations and, therefore, we are again receiving additional disbursements for approximately $452 million for basic infrastructural economic and social works of the country. This is very important because Ecuador is once again eligible for international credit.

Inasmuch as we do not have large internal capitals, without foreign credit we could not continue with the basic development works for the country such as phase C of the Paute Hydroelectric, the Daule-Perica Project, the rural electrification program; the potable water works for Guayaquil, Quito, Cuenca, Portoviejo, and other cities; the low-cost housing programs; the industrial and agricultural lines of credit managed by the National Development Bank; the highway construction programs of the Public Works Ministry; the improvements of the telephone networks; the overall rural development; and many other economic and social programs that are financed with foreign credits. [applause]

To all of those who merely say the country should not pay the foreign debt, we want to ask them: What solution do they propose for financing these projects and where are the financial sources to substitute the ones we use today for development?

We presented to the private international banks a general proposal to settle the debt problem in the form of the write-off of a portion of the principal and interest in

accordance with the country's true amortization capability. We have not yet reached any agreement. The main point of disagreement is that Ecuador wants a general settlement of the $5.6 billion we owe them rather than partial arrangements as the creditor banks' negotiating committee wants. Anyway, this is not a quick and easy process because opposing interests stand in between. We will, however, firmly maintain our stand and continue to defend the nation's interests.

We have insisted at international forums and meetings with our creditors that we must find an equitable solution to the foreign debt problem in our country. Orthodox formulas are useless in this case. The debt has become a political problem and we must understand that. If this problem is not settled soon and fairly, our democracy and the democratic regimes of Latin America are in danger of being rendered unable to efficiently meet the increasing and genuine demands of the people. This is the evidence that the problem is a political one. It is also a problem of equity. Ten years ago, Ecuador owed $3.5 billion to foreign private banks, which at the time was equivalent to 100 million barrels of crude oil or a year's production. Today, 10 years later, and despite the large disbursements made to amortize the principal and pay the interest, Ecuador's foreign debt with the international private banks rose to approximately $5.7 billion. This amount is equivalent to 400 million barrels of oil, the national production of four years. This means—and this is why I describe this problem as one of equity—that in the most recent decade, although we amortized the principal and paid interest in an amount similar to that received, Ecuador has been subjected to a payment burden four times as large as the one it had in 1980.

Another critical sector of the economy, in which absolute chaos reigned, is the monetary sector. It became a habit to finance the public sector deficit with issuances by the Central Bank. This is one of the factors that contributed to the inflation, which reached 99 percent annually during the first quarter of 1989 and has now been reduced to 50 percent, nearly half its previous value. As part of the corrections to the monetary policy, my government has established the principle that the Central Bank should not finance the fiscal deficit. We have implemented a monetary program which, without creating excessive illiquidity, will help reduce the inflation rate. Several instruments were used. These include controlling the Central Bank loans and channeling the bank's little money available for loans to production; regulating the interest paid on bank deposits; and establishing an interest rate system that, while stimulating savings for financing, will discourage speculation and the diversion of loans and lower the financial system's dependency on the Central Bank.

To control the system's liquidity and avoid the consequences of the system's excessively influencing the inflation rate, the expansion of the instruments of payment at the public's disposal was regulated in such a way that inflation was decreased from 53 percent in 1988 to 40 percent annually in July 1990. This also demonstrates my government's determination to reduce the pressure on the price increases that takes place. The government, through its lending policy, has tried to allocate resources to the basic productive sectors, particularly agricultural production and the marketing of mass consumption goods, for which the Central Bank has increased the credit to the National Development Bank. Other beneficiaries of the preferential credit policy were the very small entrepreneurs, self-employed workers, and the sectors who experienced emergency situations, such as shrimp fishermen, cotton planters, and sugar producers. I must now repeat what I said one year ago. When I assumed office as president, the financial system was in a very delicate condition regarding its solvency and liquidity. This condition resulted in chronically deficient minimum bank cash reserves, overdrafts at the Central Bank, and the accumulation of overdue loans at the Bank, all of which amounted to more than 28 billion sucres at the time. We have now restored order. We have a well-regulated, legal, solvent, and reliable financial system. The figures are self-explanatory. On 10 August 1988, there were 13 banks without the minimum cash reserves. Today there are none. Overdrafts at the Central Bank amounted to $6.023 billion sucres. Today they amount to zero sucres. There were 12.865 billion sucres in special loans. Today there are zero sucres. The overdue loans amounted to 9.431 billion sucres. Today there is not a single centavo in overdue loans between the private banks and the Central Bank. [applause]

We modified the interest rate floating system because it was not profitable for savings depositors and, conversely, yielded unlimited profits for money lenders. Some evidence of this is that, according to the previous system, the difference between active and passive interest rates exceeded 25 points. To correct this anomaly, we established an anchoring system whereby the active rates cannot exceed the passive rates by more than 15 points. This system has stimulated the national savings for financing thanks to the gradual increments of passive rates. Savings increased from 290 billion sucres in August 1988 to 417 billion in June 1989 and 650 billion sucres in June 1990.

In the foreign exchange arena, we reestablished the dual exchange market composed of the Central Bank-controlled market and the free market. We seized the foreign currency obtained from private exports so that the state controls and distributes these funds to the different productive sectors based on the priorities established by the weekly round of foreign currency.

The weekly minidevaluation system is intended to establish a real exchange rate, adjust the value of domestic currency to real economic conditions, promote exports, make our products more competitive in international markets, and predict the fluctuations in the exchange rate. We initially established a 10 percent difference between the purchase and sale of foreign currency in the market controlled by the Central Bank to recover the enormous losses in foreign exchange of the Central Bank

during the previous government and to restore its financial stability. This margin has been gradually reduced in keeping with our policy to meet the goals of financial stabilization of the [words indistinct], and it currently stands at only two percent.

Due to the foreign restrictions that the Ecuadoran economy has experienced, the government restricted the imports of capital goods. However, some restrictions have gradually been lifted in keeping with the process of recovery of the balance of payments. Currently, the only quantitative restriction that remains in force is the restriction to import light vehicles.

The decision of my government to face the crisis, instead of avoiding or letting it progress, has been determined by the economic emergency plan that I adopted early in my administration. This was probably the only package of drastic measures adopted by my government that has changed the development model in the country. The results of the implementation of this plan are positive. The adjustment has been difficult because the seriousness of the crisis forced us to take extraordinary measures.

However, our sacrifices have been equally distributed among all economic and social sectors of Ecuador. Obviously, the government has also made sacrifices because of such a profound crisis.

I cautioned about this at the beginning of my administration.

Now that we are halfway down the road, it is important to realize what has been achieved. The current accounts balance of payments deficit, which in 1987 was 11.9 percent of the gross national product, was reduced to five percent in 1988 and to 4.4 percent in 1989.

In 1989 the balance of trade had a significant surplus of $661 million. This is 6.8 percent above the 1988 surplus.

Oil exports grew by 17.6 percent in 1989. The volume of non-oil exports grew by nine percent but, due to deteriorated international market prices—especially the prices on coffee and cacao seeds—the income produced by this sector dropped 1.6 percent below the 1988 income figure.

But what is important here is to notice that exports increased. This is a clear sign of the positive response that the productive sector has given to the currency exchange policy and the export procedures implemented by the government.

The country exported 1.8 million metric tons of bananas that produced $369.6 million. This is a record in the country's economic history. [applause]

Shrimp exports dropped 15.2 percent, however, because of a decrease in larvae. Other sea products dropped by 13 percent because of weather conditions and because of the impaired condition of our national fishing fleet.

I must point out the important recovery of nontraditional exports of primary and industrial products. These exports produced $131 million in 1989 and were 16.1 percent larger than in 1988.

The agricultural sector recovery in 1989 was outstanding. Banana, coffee, and cacao production grew by nine percent. Production of other agricultural products grew by 4.4 percent.

I want to point out the big role that the public sector has played in stabilizing our economy. The figures speak for themselves. The deficit of the non-financial [no financiero] public sector, which in 1987 was 9.6 percent of the GNP, dropped to 5.1 percent in 1988 and to 3.2 percent at the end of 1989. This makes it clear that an effort that included persistent and disciplined work, austerity, and reduction of public expenditures has been made and this is made evident, especially, by current expenditures reductions because in 1987 these expenditures represented 24.3 percent of the GNP, in 1988 this figure was reduced to 20.1 percent, and in 1989 the figure was reduced to 19.0 percent.

Nevertheless, a drop in fiscal revenues stemming from the collapse of crude petroleum in the international market during the second trimester this year has forced us to establish strict priorities in our budget allotments.

The situation became so critical that 10 days ago I issued a decree reducing public spending by 131.1 billion sucres, of which 64 billion sucres will be cut from the central government's budget and 67.1 bilion sucres from the budget of the other public sector institutions. The fiscal austerity that we ordered will continue despite the recent recovery of oil prices in the wake of Iraq's invasion of Kuwait.

The additional revenues stemming from the increase in crude prices—we do not know whether it will temporary and short-lived or be maintained for a prolonged period—will serve to promote priority state investments and accumulate public sector deposits at the Central Bank to generate the needed backing to expand credit lines for the country's productive sector.

The Ecuadoran economy must prepare itself to face an economically hostile and competitive international situation. With this in mind we have initiated a number of structural changes including tax reform, tariff reform, an assembly-plant system, a part-time work system, a new mining law that we are preparing to submit to congress, and other reforms that will strengthen the national productive apparatus to help it face domestic and foreign challenges.

Tax reform was urgently implemented via Law 56, which was decreed on 22 December 1989 and which established (?diverse but related) tax laws, modernized administrative procedures, and brought order to the complicated confusion of taxes that existed in the country. It substituted more than 100 specific taxes for three basic ones: income tax, value-added tax, and tax on

special consumption. It also established a clear, simplified, and efficient tax-collection system. It also broadened the tax base by incorporating many people who had never paid taxes before and, for social justice reasons, exempted workers earning less than two million sucres a year from paying income tax, thus increasing their income in real terms. [applause]

The reform yielded important fiscal results: Tax revenues increased in 1989 by 70 percent compared to the previous year and by 35 percent from January-July this year compared to the same period in 1989. In July this year we started the first phase of the tariffs reform that aims to rationalize tariffs, prevent their excessive dispersion, lower tariffs in keeping with the economic and social importance of the goods involved, eliminate customs corruption stemming from the non-payment of tariffs, and help Ecuadoran industry and agriculture join the mainstream of international trade.

These important reforms, which are trying to prepare the country to face the challenges of the international economy, are the result of the great work done by Finance Minister Jorge Gallardo and his collaborators. [applause]

The government's social front—made up of the social welfare, labor, education, and health ministers—along with the (INFA), have developed a very broad and important spectrum of programs in favor of the most economically needy segments of the population.

The Social Welfare Ministry under Raul Baca [applause] and the active participation of the community has inaugurated 1,329 child care centers, benefiting 78,128 children as part of the children community assistance network that will be gradually extended to all the country's low income urban and rural areas. [applause]

The National Children and Family Institute is carrying out the children development centers program, which is providing services in the areas of nutrition and health, physical, intellectual, and affective development to children under 5 years old; the program for early workers for children from 6-17 years old who are working without the corresponding legal protection; the program to prevent handicaps; the social medicine program; the physical rehabilitation program; and the special education program.

We have also created the Child Nutrition Fund, which costs 21.2 million sucres yearly. It is aimed at improving nutrition standards for children under six years of age. The Education Ministry headed by Alfredo Vera distributes [crowd interrupts with applause] 1.3 million breakfasts to Ecuadorean school children. This figure includes the 200,000 rations donated by the Ecuadorean Episcopal Conference as per agreement with the government. The government has invested 1.5 billion sucres in the past two years. In 1990 it will invest 2.5 billion sucres in these programs.

The Social Welfare Ministry, through the National Women's Directorate, has created several research, training, and development programs to help 20,000 women.

I attach great importance to the program in support of the Peoples' Economic Units created by the Social Welfare Ministry, backed by a 4 billion sucres credit deposited at the Central Bank. The CONAUPE [not further identified], which is the private enterprise handling this program has, for the first time in this country, incorporated small businesses and self-employed citizens into its credit lines. It has granted them funds to buy equipment and working capital to help them get ahead.

The Labor Ministry's Small Businesses Unit, which until recently was headed by economist Oscar Delsiza, continued with its training program and credit facilities for small businesses. From 10 August 1989 to 10 August 1990 the ministry trained 5,900 Ecuadorean artisans and granted loans to 1,223 of them. During that same period, the Labor Ministry has trained 10,000 workers in many different crafts. To this we have to add the training of 68,000 employees and 650,000 others helped through recreation programs, and the creation of the Labor Ministry's Industrial Security Program. The Swedish Government is cooperating with us in this program .

During these two years, we have tried to maintain the real buying power of the workers' salaries through periodic pay raises. We have settled 70 percent of the labor conflicts through mediation. We have signed 561 group contracts and have approved the creation of 424 labor unions.

The national government, management, and workers in Pichincha and Manabi have signed the first tripartite agreements for the defense and promotion of jobs. These agreements, which are unprecedented in our history, are contained in the program proposed by the government. [applause]

The Family Doctor Program, implemented intelligently and with dedication by Minister Plutarco Naranjo within the National Health Program, has had positive results in 10 provinces. In the next few months, we will extend the program to the rest of the country. There are now 167 medical units in service to take care of 925,000 Ecuadoreans who were previously completely unattended.

During the second year of my administration, the Health Ministry has attended to 422,262 patients. This is an increase of 67 percent compared to last year. The Health Ministry has supplied three billion sucres worth of medicine to 1,400 units. Of these, more than 90 percent have been given free to low-income groups in government hospitals and medical centers. We have installed 252 people's pharmacies to sell medicine at low prices. We have invested 250 million sucres in these pharmacies. Up to August 1989, the percentage of children under five years old who had been vaccinated was 54 percent. In August of this year, that figure has risen to 65

percent. We have intensified campaigns against dengue fever and malaria, especially in Guayas, Esmeraldas, and El Oro.

We have sped up the building of the Ibarra, Guaranda, and Eugenio Espejo hospitals in Quito. They will start functioning this year. The construction of the Rio Bamba and Pasaje hospitals continues. We recently opened the National Police Hospital in Guayaquil and the maternity hospitals at El Guasmo and at the Febres Cordero parish, as well as the Health Centers in low-income areas in north and south Guayaquil.

We have invested 23 billion sucres in supplies for hospitals at Guayas, Pichincha, Manabi, and Azuay. The Ecuadorean Institute of Social Security has completed the new Loja hospital and is completing the groundwork of the Ibarra, Lacatunga, Riobamba, Portoviejo, and Ambato hospitals, and the annex at the Cuenca hospital.

In these two years, we have invested 32 billion sucres in low-cost housing projects. We have completed 15,568 housing units. We are building 5,858 units and will soon start building 64,915 more units. There are 14,450 units on the drawing board.

The country's most serious social problem is drinking water. [applause]. We have alloted initially 36 billion sucres, 40 million dollars, to supply Guayaquil with drinking water until the year 2005. This amount will be funded through the agreement I signed in Spain with President Felipe Gonzalez. [applause] With this fund, we will build the new water treatment plant at Guayaquil. It will have a capacity of 800,000 cubic meters daily. This allotment, plus funds from the government's Special Investment Account, contained in the National Budget, were authorized by Decree No. 1701-A, which I signed on 25 July. The Guayas Provincial Drinking Water Enterprise must create an agency to control these funds. This agency must include the participation of representatives from the Guayas private sector and professional groups.

The government has contributed with 28 billion sucres to help solve Quito's drinking water problem. These funds will be used in the Papallacta and other projects.

My government has obtained a $50 million loan from the Inter-American Development Bank for the Cuenca Drinking Water Master Plan. To solve the problem of a lack of drinking water in the central area of Manabi, my government, through the Provincial Rehabilitation Center, has started to build the Cuatro Esquinas and El Pinal water treatment plants and pumping systems to Portoviejo, Manta, Rocafuerte, Crucita, San Clemente, and San Jacinto. These systems, financed under an agreement signed with the French Government for 133 million francs, will supply drinking water to 500,000 people until the year 2020 in our beloved Manabi province. [applause]

During my second year in government, we spent 9.1 billion sucres on 138 projects including drinking water plants, drainage systems, and latrines. These projects have benefitted 713,000 Ecuadoreans, who before this did not have these basic services. [applause]

When I assumed the presidency, I pointed out the importance of confronting a problem, which had not been dealt with in depth by any government: the Indian's situation. After two years of sessions, I can assure you dear legislators, that no government during the colonial or republican era has been more concerned than my administration about the fate of the Ecuadoran Indians.[applause]

With this I am not saying that their problems are solved. Structural problems that have accumulated throughout the centuries remain. What I am saying is that the government has changed its attitude concerning the Indians, and that there is a government that treats them as human beings, that recognizes their rights, and that has begun to change the unjust treatment under which they have lived for centuries.

I began by creating a Presidential Commission on Indian Affairs, that is operating next to my office, to listen to their problems and seek the right answer to their problems. The commission has been meeting for weeks with the various Indian organizations in the country. To answer their needs, throughout the last two years, my government has delivered 1.5 hectares of land to the Indians. This distribution of land was under the Agrarian Reform Program. The land settlements, and the demarcation of land for the ethnic groups, was in the Ecuadoran Amazon area. [applause]

These figures are unprecedented. The distribution of land has been accompanied by loans from the National Development Bank in the amount of over 12.3 billion sucres, with the construction of 3,068 km of roads, of which 2,300 km were done by the Public Works Ministry and 768 kms were done by the IERAC [Ecuadoran Institute of Agrarian Reform and Settlement], CREDESUR [expansion unknown], CREA [expansion unknown], and the Agriculture Ministry. This was all done at a total cost of nearly 20 billion sucres. In addition, 1,200 km of roads were also repaired, 515 km of land irrigation channels were built, and we implemented a rural electrification program that benefits over 150,000 peasants, representing an investment of 17 billion sucres. Schools, health centers, and community centers were also built, and more services were provided for the peasants.

The bilingual intercultural education system is particularly important. This system was created by my administration in November 1988 for the basic education of the Indian groups, and it seeks to preserve their culture. The work is done in Spanish and eight native languages and dwells on the the values and cultural categories that are inherent in each community. We are operating 1,523 bilingual schools and 1,866 adult education centers for

the Indian groups. These schools are served by 6,066 teachers from the same communities and are attended by 172,963 Indian students.

In 1989 we allotted 800 million sucres for this purpose, and 2.8 billion sucres in 1990. This represents a significant change in the Ecuadoran educational system. Education Minister Alfredo Vera [applause], who has done a magnificent job in this area, told me a few days ago that when he was dedicating one of these educational centers in (Suscal), Canar Province, a peasant spoke and said that it had taken 500 years for someone to do something about the education of the Indians in our country. [applause]

The government has constructed and delivered during these past two years—through the Ecuadoran Institute of Sanitary Works 538 projects of potable water, sewers, and latrines—almost one project per day to small Indian villages and communities which never had these services. The total investment has been 5.22 billion sucres. [applause]. Under the overall family health system—to which my government has given total support—350,000 Indians in rural Ecuador are currently protected. In the seven provinces—Azuay, Bolivar, Canar, Cotopaxi, Chimborazo, Imbabura, and Tungurahua—where there is a larger Indian population, the community network of infant care centers, directed by the minister of social welfare and public promotion, cares for 34,733 peasant children; each day its coverage is extended. [applause]

Up until June 1990, 80 new Indian organizations have been incorporated into the Social Security's peasant benefits. Advances have been made in overall rural development with the implementation in 1989 of numerous projects in livestock, health, education, forestation, roads, irrigation, drinking water, latrines, and community centers for a total sum of 9.16 billion sucres. This represents an increase of over 100 percent with regard to the investment made during my first year administration. INERHI [The Ecuadoran Institute for Water Resources] has carried out infrastructure works in irrigation, drainage, and flood control for a total sum of 7.69 billion sucres during 1989. Important irrigation projects will start up in December 1990 in Pina, (Satococha), Santa Isabel, Campana-Malacasos, and Ambato-Huachi-Peluleo, to incorporate 16,000 hectares in the irrigation system.

Ietel [Ecuadoran Telecommunications Institute] has installed 16,000 new telephone lines in rural areas in 1989, for a total investment of 3.9 Billion sucres. These works and their future projections are evidence of my government's willingness to care for the peasant and Indian communities of the nation.

This is why I was very surprised by the 4 June uprising. It was very clear that this was not against a government but rather against an exploitive system that has prevailed over the centuries. I am convinced that during this uprising there was manipulation on the part of agitators who tried to take advantage of the Indians' centuries-old discontent. We do not want these destabilizing maneuvers to continue. We are willing to participate in a dialogue with the Indians. We have talked with many of them. During the conversations, we have been able to establish that the majority of the points brought up coincide with the government' projects and what it proposes to carry out in the future. However, we have told them that some of their proposals are not acceptable, either because they are not realistic, or because they contradict the state's legal system, or because the solution of the same does not come under the jurisdiction of the executive branch but under other state duties.

As for conflicts over land, I want to define my government's policy very clearly, so that there are no mistakes. We will respect irrefutably the Agrarian Reform Law. We will proceed with total justice in cases of conflict. We will prevent violent actions. We will guarantee the respect the ownership of estates that are being productive and that are complying with social obligations. [applause]

We will continue working to benefit the Ecuadorans Indians as part of the social policies of my government. Ethnic hatred, racism, and discrimination will be strongly opposed, regardless of their origin.

The highway program carried out by my government under the able leadership of Minister Juan Neira [applause] has called for an investment of approximately 330 billion sucres, aside from the 16 billion sucres that were allotted in this year's budget for highway maintenance.

Over the past two years, Ietel has invested 61.6 billion sucres in the Guayaquil and Galapagos land stations, and in installing 129,000 telephone lines throughout the country.

The master electrification plan being carried out by my government has five major programs:

1. The national interconnected system in which we have invested 5.87 billion sucres and $50 million during 1989.

2. The regional systems program in which we have invested 9.13 billion sucres and $5.5 million, which represents an increase of 345 percent over 1989.

3. The rural electrification program, with an investment of 2.3 billion sucres and $5.6 million.

4. The program of small hydroelectric centers, in which we have spent 235 million sucres and $1.1 million.

5. A program to improve the electrical system that has demanded an investment of 235 million sucres and $273,000.

With the approximately 30 billion sucres we have invested between August 1989 and July 1990, the Daule-Peripa project has advanced by 85 percent, which means that the construction of the Daule-Peripa Dam has been completed and 71 percent of the land irrigation system

for 17,000 hectares has been completed. The dam already controls the flooding of 50,000 hectares of the lower area of the Daule River during the last rainy season, and it supplies crops with water during the dry season.

The transfer of water to the Santa Elena Peninsula, which is another element in the system, has progressed by 72 percent. My administration is responsible for 44 percent of this progress with the investment of 53.35 billion sucres. The Samborondon land irrigation project that is being developed in the basin of the Guayas River was begun during my administration with the support of the Italian Government and has advanced by 23 percent.

A project for the control of flooding in the lower basin of the Guayas River has been implemented with financing from the World Bank and the Netherlands in the amount of $70 million to protect 400,000 hectares of agricultural land and the cities of Milagros, El Triunfo, and others.

Inasmuch as a government program is necessarily the development of a political ideology, my program develops the doctrinary guidelines I follow, including full and rational use of the natural resources of land, mines, waters, and forests for the benefit of the Ecuadoran people. [applause]

All countries do this, and here we do not have any political bosses ruling. The developed countries owe their development to the fact they knew how to do this in an efficient manner. We have to do the same to overcome our undeveloped status.

Within this ideological line we have firmly complied with the goals of my administration's petroleum policy. It has been brilliantly carried out by Minister Diego Tamariz and his coworkers. [applause] We created the Ecuadoran State Petroleum Enterprise, Petroecuador—to replace CEPE [Ecuadoran State Petroleum Corporation]—with an administrative and technical structure that allows it to manage effectively the exploration, production, industrialization, transportation, storage, and marketing of petroleum and its byproducts.

To comply with contract clauses, I decided to transfer to Ecuadoran hands as of 1 October 1989 the management of the trans-Ecuadoran oil pipeline that had been operated until then by the U.S. company Texaco. Aside from the benefits of the technological transfer, this decision represents for the government reducing operational costs by 25 percent, which is equivalent to $3.5 million per year.

Later, we reached another of our proposed objectives, taking direct operational control of the peninsula's refineries—the Petroecuador refinery, which began operations on 30 November, and the Repetrol refinery, which the state will take over on 25 August. The direct revenue that the country has received by achieving a 60 percent reduction in refining costs—relative to those of Anglos—amounted to $700,000 during the first quarter this year. I made the decision that the previous government dared not make—although the deadlines had been reached—to hand over to Petroecuador the management of the oil consortium that Texaco has handled for 26 years. [applause] This was one of the greatest decisions in the history of Ecuador's oil industry. As a result of this decision, the production increased in the consortium's oil fields (?without increasing) costs. Because of this decision, we anticipate additional revenue for Ecuador of $28,400,000 this year from the production, refinement, and transport of hydrocarbons.

With the decisions I have mentioned, a very important stage in the country's oil production history draws to a close while another, full of responsibilities, opens. During this stage, we must restore the lost balance between exploitation and reserve, because over the past 10 years we used more oil than we found. This forces us to make fresh investments in oil prospecting—even at the risk of losing money—to start second-stage and third-stage oil recovery in some beds, and reactivate the Santa Elena Peninsula oil fields. Petroecuador has given great impetus to oil prospecting activities. The corporation prospected again and again along nearly 5,000 km of seismic lines. It drilled exploration well Tanango 1, which yielded 1,000 barrels per day, as well as 20 development wells and three advanced production stage wells. In all, this totalled 24 wells, seven more than the 17 drilled during my first year of government. In addition, Petroecuador added 13,500 barrels per day to the national oil production and increased proven reserves by 5 million barrels. Petroecuador's investment in the most recent year amounted to 56 billion sucres, which represents a 195 percent increase over the amount invested during my first year of government.

These are the main goals fulfilled by my government's agricultural policy, which has been ably managed by Minister Mario Jalil. The supply of food for mass consumption [applause] and export products has increased. Domestic marketing systems have improved. Technological development has been encouraged and agricultural productivity has increased. To attain these goals, we used many instruments: loans, technology development and transfer, the regionalization of crops, drafting and implementing the forest action plan, encouraging strategic reserves, and free markets. During my second year of government, the National Development Bank lent 98.044 billion sucres in new loans, an amount that represents 74 percent more than the amount lent the previous year. Of this overall figure, the agricultural crops sector, particularly those crops that comprise the family basket, received 40.101 billion sucres. For cattle development, 27.905 billion sucres, twice the amount in the previous year, were earmarked; for machinery and construction, 6.720 billion sucres, also twice the figure of the most recent period; and for marketing agricultural products, 2.764 billion sucres, 74 percent more than the previous year.

During this period of time, INIAP's [National Institute of Agricultural-Livestock Research] contribution has

been considerable in generating technology. It introduced six varieties of legumes and cereals, delivered 900 metric tons of high yield seeds for a broad variety of crops, and distributed 100,000 hybrid plants, 30,000 [words indistinct] of cacao, and 1.2 million germinated seeds of African palm.

This year the Agricultural Technological Development Program [Proteca] included 320,000 hectares, which is four times more than in the previous period. This means 22 percent more peasant families received technological assistance. Economic development is not possible without the aid of industrialization which, thanks to its high production capacity, is able to drive and activate the production mechanism. Throughout history, there is no evidence of any nation developing without the support of industry. I say this so that the importance which my government places on industrial activities will be evident.

During the last year, from August 1989 to June 1990, under Minister Jacinto Jouvin's wise administration, 36 new companies were classified under the umbrella of the industrial development law, with an investment of 17.45 billion sucres, which represents a 37 percent increase from last year, and with total revenue in salaries and wages of 1.48 billion sucres.

The draft law on contracting part-time labor, which I submitted to the National Congress one year ago, has been sent for approval. Today, it is a law of the Republic that fulfills the social goal of providing work for the unemployed and fulfills the economic goal of fulling utilizing the capabilities of many companies, lowering their production costs, and increasing their productive output.

On the executive branch's initiative, the National Congress has also approved the assembly plant system; this will allow us to generate jobs and place local employees in high technology industries and stimulate the economic activities of the nation.

To promote handicraft works, so important in Ecuador's economy, parliament has approved an assortment of reforms to the labor code and the law that defends arts, proposed by the executive branch to foster handicraft production and create jobs.

Having completed the first stage of the literacy program, the most extensive undertaken in our nation, we have embarked on the post-literacy program which benefits 100,000 people. Currently, 28,000 students and 8,000 teachers are participating. Of course, this is a permanent effort which will be on-going during my administration. As these people become literate, they will be able to join an adult-education program.

Last June, I sent congress a draft of reforms for the Culture Law in order to strengthen our cultural identity, recover and acknowledge the value of our own cultural manifestations, and convey these to the broadest sectors of the population. The draft seeks to incorporate into the National Cultural Council representatives from the regional governments, Indian organizations, and those who labor in the cultural sector. The draft will also generate revenues in the amount of 1.2 billion sucres annually for the House of Ecuadoran Culture. The draft bill underwent the first debate in the plenum of legislative commissions, and I would like to request, gentlemen legislators, your consent to give priority attention to this significant cultural project of the nation.

Through the BEDE [Development Bank of Ecuador], the government has granted a credit of 3.2 billion sucres for the construction of the National Conservatory building and has earmarked 70 percent of the financial contribution for the construction of the Grand Civic Theater of Guayaquil, which was I was pleased to inaugurate on last 25 July.

One of the major changes that my government has undertaken is granting financial autonomy to the provincial councils and the municipalities of the country by means of the Regional Development Law, the reforms to the Municipal Law, and the Provincial Development Law. Three initiatives of the executive branch, which were recently submitted, were approved by the previous Legislative Assembly.

These initatives are in response to the so-called regional social justice, that is, the balanced development of the various geographic regions of the nation. The Regional Development Law and the reforms to the Municipal Law have allowed us to go forward with the municipal development program and urban infrastructure with the financing offered by the Inter-American Development Bank and the World Bank for $208 billion, which along with resources by national counterparts will amount to $300,000, sorry, it will amount to $300 million, that is, a total amount over 260 billion sucres [figures as heard]. This is unprecedented in the history of the regional institutions of our nation. [applause]

Along with the Inter-American Development Bank and the World Bank, the municipal development program implemented by my government represents the most important effort initiated in Latin America for the solution of urban problems.

The BEDE was created 11 years ago precisely to serve as a financing bridge for regional organizations. However, it has not been able to achieve its objectives because of the lack of political commitment by the governments. Things have changed today. My government is determined to strengthen the BEDE and to turn it into a development instrument for provincial councils and municipalities in the country. This political commitment is clearly expressed with the following figures. During my government's two-year administration, the BEDE has approved credit for 89.282 billion sucres, an amount that is 30 percent higher than the amount of credit that was approved during the previous administration in four years of government. [applause]

The amount of loans granted by the BEDE during my first two years in office is almost equal to the amount loaned during the first nine years since it was created.

The loans that increased most last year were those allocated for regional organizations, which increased at a rate of 1,849 percent with regard to the same period during the previous year.

The total amount of loans approved for municipalities and provincial councils last year represent 32 times more than the amount approved by the previous government during the period between 1987-1988. [applause]

My willingness to help the provinces has led me to give the BEDE 400 billion sucres of new funds until 1992. These funds will be used to finance regional organizations and promote the development of the 21 sister provinces of Ecuador.

The years 1989 and 1990 will go down in history as two of the most interesting years of this century. These were years of unexpected events which took place very quickly. The were so many events that even though they happened right before our eyes, we cannot yet grasp their significance and interpret them with certainty. We lack the historic vision to value them the way they should be valued. However, our intuition tells us that the events represent a new model for the international world. We are now at the end of a historic era that was stigmatized by the cold war, which tormented humanity so much in the second postwar era. We are also at the beginning of another era, which we hope will be one of peace, development, and security for all people of the world.

The Berlin Wall has fallen. The Marxist regimes are making way for regimes that are capable of combining socialism with freedom. Firm steps have been taken toward world disarmament and the elimination of short- and medium-range nuclear weapons. Promising negotiations are taking place between the superpowers to reduce strategic weapons. A treaty will possibly be signed this year for the reduction of conventional forces based in Europe. NATO and the Warsaw Pact are undergoing a process of reorganization. The EEC is making progress in its plan to create a common market of 320 million consumers. Both Germanies are undergoing a process of reunification. Both Koreas are planning to do the same. The U.S. Government is putting an end to the uninterrupted flights of its strategic squad. [as heard] Undoubtedly, real possibilities exist for the creation of a more ethical and rational international world in which men work for life and not for death and in which financial resources are used for the war against poverty. [applause]

However, amid the encouraging international events we can see a shadow for Latin America. Despite seven years of sustained growth among the western industrialized nations, the Latin American people have reached a standstill and direct investments have decreased. The quality of life of our people has deteriorated and the volume of new loans to the region has decreased. According to figures published in the 1990 UN World Economic Study, Latin America has transferred $28 billion abroad in 1989 just when the per capita income of our countries is decreasing, just when there are low rates of savings and investment, and just when we lack the necessary resources to finance our development.

It is within this context that President Bush's initiative for Latin America was made. I was very pleased to discuss it with him in a frank and cordial dialogue during my recent visit to Washington. On being the first Latin American president to discuss this topic with him, I attempted to make a broad-based focus of his proposal, from the Latin American view regarding the prospects that can be opened in the field of trade, investment, and reduction of our official debt with the United States. From the Ecuadoran viewpoint, the principal results of my talks with President Bush were his commitment to obtain from the U.S. Congress our country's inclusion in the preferential treatment system for the exportation of our agricultural and livestock products free of duty, [applause] the inclusion of eleven Ecuadoran articles in the general preferential system which applies to the exports of some developing countries, the signing of a foreign trade agreement between Ecuador and the United States, foreign investment for which a bilateral commission will be appointed with the participation of government and enterprise delegates from both countries, increased economic aid in the struggle against drug trafficking, and other agreements of national benefit.

I did not hide from President Bush the concern of Latin American presidents that the developments in East Europe may affect our interests. I told him that for us, those developments are ambivalent. On the one hand, we view with sympathy the democratic opening and democratization of the East European countries, but on the other hand, we fear that they may come to take from us the limited resources allocated by industrial countries for international cooperation. President Bush assured me that that will not happen and that the United States will adopt an attitude of solidarity with Latin America. We certainly hope so. [applause]

I have attempted with perseverence to boost Ecuador's international image. Modern diplomacy is based on direct contact between statesmen. We see this everyday throughout the world. With this purpose, I made several visits abroad and received visits from illustrious Latin American and European statesmen to Ecuador. In September of last year I attended the ninth summit of nonaligned countries in Belgrade where I spoke on behalf of the Latin American and Caribbean countries. The summit was attended by 87 chiefs of state and presidents, delegates from 102 countries of the world, 40 international organizations, and 20 liberation movements. The speech, or rather the Ecuadoran voice, was broadcast on television via satellite to more than 100 countries of the five continents. [applause]

I later visited Portugal in response to an invitation from President Mario Soares. From there I visited Spain in response to an invitation from King Juan Carlos and

Prime Minister Felipe Gonzalez. There I signed a financial cooperation agreement for $350 million for Ecuadoran development projects. The visit by French President Francois Mitterrand, one of the most important contemporary leaders, was very gratifying. I discussed with him bilateral and international topics on 11 and 12 October. As a result of his visit to Ecuador, our governments signed a financial cooperation protocol in December of last year for 310 million Francs in soft terms and 20 million Francs donated for development projects in Ecuador. [applause] In late October we received the honorable visit of Brazilian President Jose Sarney. I immediately went to the summit of presidents and chiefs of state held in San Jose, Costa Rica, with the purpose of celebrating the 100 years of Costa Rican democracy. [applause]

The Galapagos Islands were the splendid backdrop for the second meeting of the five Andean presidents last December during which time we resolved to change the course of the subregional integration process to overcome its problems. That was the first occasion that a Peruvian president has visited Ecuador. [applause] It was an honor for Ecuador and personally for me to be the spokesperson for Latin America and the Caribbean in the world conference on education held in Thailand from 5 to 9 March of this year with the attendance of four chiefs of state, one head of government, three vice presidents, 90 education ministers, 16 ministers of other portfolios, 155 delegations from UN member states, 33 delegations from intergovernmental organizations, 125 nongovernment delegations and organizations, and 74 multi-sector delegations.

I conveyed the views of our countries on education and at that meeting the World Bank committed itself to duplicating the resources allotted to education in all developing countries. This will also benefit Ecuador. [applause]

In mid-March I attended the historic inauguration of Chile's President Aylwin after 17 years of dictatorship. Also in March we received the friendly visit of Mexican President Carlos Salinas de Gortari, who was affectionately welcomed by our people. In April, I visited Nicaragua to witness the transfer of revolutionary power to President Violeta Chamorro, who was elected by her people.

On 22 and 23 May, on the occasion of the third meeting of the Andean Group presidents, I became the first Ecuadoran president to visit Peru as part of our two country's efforts to achieve detente [applause] to—as I said in my speech in Machu-Picchu on behalf of the visiting presidents—create an atmosphere of detente, peace, tranquility, cordiality, understanding, and mutual trust to ensure that someday we will be able to hold talks on bilateral issues on which we hold contradictory positions. [applause]

In mid-July I was especially pleased to welcome Colombian President-Elect Cesar Gaviria, with whom we discussed our bilateral relations and Andean integration. A few days ago, on 30 July, I had a friendly meeting at the Rumichaca International Bridge with President Virgilio Barco to inaugurate Colombia's National Border Center and receive a report on its activities from the neighborhood commission, which we created with President Barco on 20 June 1989 during my official visit to that fraternal country to promote border integration.

It was very exciting to attend the transfer of power in Colombia on 7 August. Virgilio Barco, after fulfilling his presidential term, transferred power to new President Cesar Gaviria. The ceremony reflected great democratic dignity. While Barco went back to being what he has always been—the respectable and respected citizen of Colombia who restored full democracy to his state—a rich range of hopes and challenges for Colombia's political future opened up for Gaviria.

During these two years of international efforts, we had the pleasure of meeting and discussing bilateral and international issues with the rulers of the following countries: Argentina, Bangladesh, Belize, Bolivia, Brazil, Canada, Colombia, Costa Rica, Cuba, Chile, Egypt, El Salvador, Spain, the United States, France, Guatemala, Haiti, Honduras, India, Indonesia, Italy, Kenya, Maldives, Mexico, Nicaragua, Peru, Portugal, Thailand, Uruguay, Venezuela, Yugoslavia, and Zambia, and the directors general of UNICEF, UNESCO, the UN Development Program, the IMF, the Bank for Reconstruction and Development, the Inter-American Development Bank, the Andean Reserves Fund, the Andean Development Corporation, and the Board of the Cartagena Agreement, and the UN and OAS secretaries general, among other personalities. [applause]

Legislators, I believe that Ecuador's voice is being heard today with respect among nations and that our country is actively participating in decision-making processes within international organizations.

On an invitation by Massachusetts Governor Michael Dukakis, Ecuadoran Vice President Luis Parodi traveled to Texas in October heading the largest delegation of Ecuadoran university students, industrialists, farmers, merchants, and artisans that has ever visited the United States, to improve trade between the two countries. As a result of this visit, many entrepreneurs and artisans have found new outlets for their products and our country's production has been stimulated. In July last year, the vice president flew to Europe to revise the technical cooperation agreements that we had signed with Italy, Spain, and France. This negotiation made it possible to implement the protocol signed with Italy, whose government has just approved the Daule-Peripa hydroelectric plant project, which will continually generate 130 megawatts. In Spain, the vice president proposed the financing of a metropolitan train for Guayaquil—

because the Italian Government was unable to finance it—and the additional financing of the drinking water plant in the same city.

Foreign Minister Diego Cordovez, one of the most well-known Ecuadorans in the world [applause], headed the OAS delegation that worked for a peaceful and democratic solution to the Panamanian conflict. Minister Plutarco Naranjo was elected WHO [World Health Organization] president for the 1990-91 term. This is the highest international position in the field of medicine. [applause] Upon UN request, my government sent a military delegation, consisting of 21 distinguished officers of our Armed Forces, to form, together with officers from eight other countries, the UN forces for the pacification of Central America. On 1 January, Ecuador will again become, after a 30-year absence, a member of the UN Security Council. [applause] This is a great honor and responsibility for our country. The Security Council, comprised of the five great powers and 10 other countries, is the UN's foremost political body, in charge of preserving the peace and security of the world. As the president and commander in chief of the Ecuadoran Armed Forces, I am glad to say that our Armed Forces have attained the highest possible degree of technical proficiency and professionalism. Under law and discipline, the military institution has fully carried out its duty of protecting territorial integrity, the intangibility of the national sovereignty, the validity of the constitutional system, and helping the country attain economic progress. [applause]

The Armed Forces' cooperation has been significant in the economic and social development of the mining and agro-industrial fields, road construction, port infrastructure, transport, flood control, the construction of boats for Guayaquil's river transport, literacy and post-literacy drives, public health, forest preservation, and other economic and social activities.

I hereby congratulate the Defense Minister; Division General Jorge Felix; the army commanders; the general, superior, and subordinate officers; and the rank and file for their deep commitment to Ecuadoran democracy. [applause] As for myself, I have made good my word of keeping the Armed Forces out of political activities. The Armed Forces are obligated to the nation and not to any one party. [applause] The Armed Forces do not need either the flattery or the interested cajoling of certain politicians. [applause]. The Armed Forces are happy to do their duty for the good of the country. [applause]

Although the vote of the Armed Forces members, an issue that has generated a broad nationwide debate, is within the purview of the National Congress because it entails a constitutional amendment, I must express my opposition to the vote by members of an institution that must remain outside political and electoral activities. [applause] Voting is equivalent to expressing a political opinion and taking a political stand. Voting is equivalent to disagreeing with those who vote for someone else. I do not think it is wise to let this factor, which divides opinions, enter the military institution. [Applause] Politics is passion, and political passion is a corrosive disease that corrodes all: family, friends, and institutions. I would rather have the Armed Forces stay away from this divisive factor.

The National Police, with its highly professional cadres, has given our people the benefits of its self-sacrificing function of protecting the people's liberties, guaranteeing the validity of law, and defending public peace. The police exist to protect the rights of the people. This is the spirit that today moves every member of the institution. I want to thank them for their invaluable service to Ecuador's loftiest causes. [Applause]

Gentlemen legislators: This is the work that my government fulfilled in its second year. It has been the work of a team of patriots and qualified and honest citizens who, foregoing personal comfort and private activities, chose to face the risks of public service and be subjected to all kinds of unjustified aggressions. I thank Vice President Parodi; the ministers of state [applause]; the secretary general of the Public Administration [applause]; the administrative development, presidential, planning, and social communications secretaries [applause]; both the previous and the new presidents of the Monetary Board; and the previous and current managers of the Central Bank. I thank the officials of the state corporations; the commanders, officers, and rank and file of the Armed Forces and the National Police [applause]; the leaders and members of my party, Democratic Left, who have supported me [applause]; and all of the government's officials, employees, and workers who have shared with me the honor and selflessness of leading the country.

We have respected the human rights and freedom of expression of all Ecuadorans. Keeping peace has been our constant concern. [Applause] In this lofty civic behavior, ex-government minister Andres Vallejo has played a leading role. [Applause] We have had to battle great financial and economic difficulties, which are part of the crisis through which all of Latin America is passing and which forced us to make the drastic budget adjustments with which you are familiar. However, we will escape the crisis. We have a beautiful country with abundant human and natural resources which is full of possibilities. It only needs to be worked properly. Wealth does not sprout by itself. Human initiative, the impulse of labor, and the work of men are the fundamental factors of production. Let us not waste our energies in fruitless struggles, useless fighting, and disputes that lead nowhere. Let us join our wills and efforts to build the country's progress. [Applause] If we have to hold a debate, let us hold it, but on worthwhile subjects. If there has to be disagreement between the parliament and the executive, so be it. But let such disagreement be inspired not by hatred, personal political interest, or bitter selfishness, but by the great national causes on which there might be significant differences of opinion. Democracy is the possibility of thinking differently. The various ideologies should only be different ways to identify,

understand, and attain the good of the people. Gentlemen legislators, this is my message of work and optimism. [Applause]

Borja: Country Favors Holding OPEC Meeting

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[Text] We now have our correspondent Patricio Gonzalez, who has an important report from the National Palace:

[Begin recording] [Gonzalez] Good evening, listeners of Quito Radio and Ecuador Radio. A few moments ago Ecuadoran President Rodrigo Borja Cevallos, during a ceremony that was delayed for a little over an hour, swore in Polo Barriga as the new national secretary for social communications [Senac]. Until then, Barriga held the post of Senac undersecretary. After this, the president made important statements concerning the problem that exists between Iraq and Kuwait in the Persian Gulf. He said that Ecuador favors calling an OPEC meeting.

[Borja] Regarding to the conflict in the Middle East, it is laden with unforeseeable strategic problems. This crisis of large proportions could increase even more the price of oil on the international market. OPEC is considering calling a meeting to discuss the problem. Ecuador has voted in favor of this meeting. We think it is very important that OPEC meet, but it should strip away all sectarianism and political considerations and attempt to view the problem only from a strategic and technical standpoint. If the OPEC meeting is held, Ecuador's position will be presented at that meeting by Energy and Mines Minister Diego Tamariz. We hope that the situation in the Middle East, which is dangerous both militarily and economically, will be stabilized for the countries not only of the Middle East, but all the countries of the world, which one way or another depend on oil.

[Gonzalez] Concerning other matters, after he was sworn in, the new SENAC secretary said that his duties would be directed basically at technical aspects instead of political aspects, hinting that he will no longer be a government spokesperson, but rather a mediator between the various state secretaries—the government spokesperson now will be the secretary general of the administration. He added that the president will be the one to arrange interviews with the various media and report on the activities carried out in his administration. [end recording]

Peru

Second Vice President Denies Resignation Rumors

PY2008151290 Lima Television Peruana in Spanish 0100 GMT 20 Aug 90

[Excerpt] Carlos Garcia, second vice president of the Republic, denied this morning that he had tendered his irrevocable resignation to the chief of state. The senator pointed out that, although it is true that he does not entirely agree with the way in which the social emergency plan is being implemented, he totally supported the government's economic measures. Here are his remarks:

[Begin recording] [Garcia] I would like to take this opportunity with the media—admitting the valuable and important role that the media plays within a democratic system—to clarify a newspaper report published yesterday and another front-page newspaper report published today, stating that I have resigned the position of second vice president of the Republic, which is not true. These reports even hint that I have sent a letter to President Fujimori, which is also not true [laughs]. This is speculation that is actually a lie.

[Reporter] It has been said that the president of the Republic and you disagreed over the measures that have been taken. Is this true?

[Garcia] There are no disagreements. I had to say, however, that the measures are hard and that the social emergency plan is not functioning the way we thought it would to defend the poorer sectors. This does not represent a disagreement. This involves pointing out a position that the government people themselves are admitting.

I believe that I had to take this opportunity to clarify a report that harms me and seeks to create division within the government, a division that does not exist.

[Reporter] Doctor, the workers are [word indistinct] over the salary increases, which are said to be too low. They are even [words indistinct] also in disagreement [words indistinct].

[Garcia] I believe that this must be proposed to the prime minister and undoubtedly they will study whether it is necessary to make an adjustment. It is not my place to point out details, correct?

[Reporter] Doctor, how would you rate the performance of Engineer Hurtado Miller?

[Garcia] I believe that his performance has been courageous, implementing a program of this nature, undoubtedly a hard program. I believe that he is doing the best he can within his abilities.

[Reporter] Do you think that the second vice president's disagreement with these measures detracts from his authority?

[Garcia] I believe that it does not detract from his authority; I believe that saying that the measures are hard does not in any way detract from his authority because he has the support of the entire government and of the president of the Republic himself. [passage omitted]

Unions Disagree on Strike; Law To Be Enforced

PY2008214390 Madrid EFE in Spanish 1720 GMT 20 Aug 90

[Text] Lima, 20 Aug (EFE)—The Confederation of Peruvian Workers (CPT), which is close to the American Revolutionary Popular Alliance (APRA), announced today that it will support for just 24 hours the 48-hour national strike called for tomorrow by the General Confederation of Peruvian Workers (CGTP).

The Peruvian Armed Forces warned today that order will be enforced at any cost in the national territory in answer to the national strike called to protest the economic plan implemented by the new government.

Peruvian Second Vice President Carlos Garcia Garcia announced today that President Alberto Fujimori will deliver a speech to the nation in the next few hours to explain his economic policies.

Garcia also denied alleged press reports that he had resigned.

In addition to Fujimori's speech to explain his policies, Prime Minister and Economy Minister Juan Carlos Hurtado Miller will go to Congress on 24 August to explain details of the government's economic policies.

The national strike called for tomorrow is part of the protest sponsored by the two labor unions, the CTP and the CGTP. These two unions called for a march on 16 August to protest the economic measures but the march failed because military and police units prevented a concentration of the demonstrators.

The Peruvian Armed Forces released today a communique saying that on 16 August "the people rejected the demonstrations sponsored by the Lima political, union, and community organizations."

The communique says that "the same organizations and agitators are now calling for a strike on 21 and 22 August to disturb public order." The communique calls on Peruvians to remain calm, "to prevent damage, and avoid the participation of terrorists who seek to destroy life and property."

The communique was released by the office of the Second Military Region. It reminds the people that Lima and Lima Province are under a state of "exception" and warns that the people who sponsored the national strike "will be responsible for any consequent situation resulting from the use of the security forces."

CGTP Acting Secretary Pablo Checa has said that his union is continuing with the 48-hour strike. He added that his union has the support of the Bank Workers Federation which has about 40,000 members, the support of 70,000 miners, and probably of about 60,000 state workers.

Labor Minister Carlos Torres y Torres Lara, who on 18 August announced a salary increase, said that the strike will not solve any problems.

The salary increase did not satisfy the majority of the population, who said that the increase was rather confusing and not enough.

Despite the fact that prices of some products, mainly food, are falling, the situation is still difficult for the most depressed sectors because the social emergency plan that was implemented to supply food to the poorest sectors is not working as expected.

School children returned to school today throughout the country.

According to press reports the Central Reserve Bank is purchasing $70 million in reserves because the new government only found $3 million in cash in the bank.

Even though the government economic plan has been harshly criticized by various sectors, the weekly CARETAS says in today's issue that some economists and politicians have indicated that the plan "is working" despite the discontent.

• Mining Industry Losses Signal 'Collapse'

• Production Capacity Minimal

90SM0201A Lima EL COMERCIO in Spanish 15 Jul 90 p A10

[Text] At present nearly all mining companies in Peru are operating at a loss, and if corrective measures are not taken in time, the mining sector will collapse at any moment, stated David Ballon, president of the Mining Engineers Institute of Peru.

He indicated that the mining industry receives only a third of its real income, which is causing an internal crisis even though metal prices are at acceptable levels on the international market.

"What is happening is that there has been a lag in the exchange rate since 1985, and that is why we say that it is urgently necessary that the new government unify the exchange rate of the dollar," he added.

This crisis is causing some companies to stop prospecting, he said, and then to shut down their mines.

He noted that there really is an effort to survive and to endure these losses, because "people are hoping for better times ahead." In addition, he added, if a mine is shut down temporarily, it costs a lot to reopen it.

"This problem is preventing us from boosting our production capacity, which is really minimal if we consider how much metal there is in this country to mine," he said.

For example, he mentioned that copper production is 400,000 metric tons a year, which is 0.39 percent of total

copper reserves. In other words, not even 1/100 of the metal in the country is being mined.

Only 1.67 percent of lead reserves (200,000 metric tons) and 2.4 percent of zinc reserves (600,000 metric tons) are being mined.

In spite of that, he emphasized, the mining industry turns over 55 percent of the foreign exchange that comes into the country from exports.

"Last year the mining sector exported a total of $2 billion worth of metals," he added.

He reported that if $60 million were invested right now to reactivate small mining companies that have closed down, additional export earnings of $300 million could be generated.

* Gold Purchases Suspended

90SA0201B Lima EL COMERCIO in Spanish 11 Jul 90 p A7

[Text] The national gold mining sector, which has been paralyzed by the government's decision to suspend domestic gold purchases, is facing a number of problems because it is unable to meet various commitments. This situation is exacerbated by the increase in bank reserve requirements, which reduces the availability of financing.

This information was revealed yesterday by the chairman of the Gold Committee of the National Mining Society, Jaime Uranga. He added that "many mining companies have been unable to pay their workers, which has led to labor unrest."

He stressed that mining companies are prohibited by law from exporting or selling their gold production to private parties, as the legal regulations stipulate that only the Central Reserve Bank and the Mining Bank are authorized to purchase the precious metal from them.

The chairman explained that this is the second time the American Popular Revolutionary Alliance (APRA) government has adopted a measure of this type: "In November 1989 it suspended the purchase of gold for 40 days. Now, as of 28 June 1990, it has done the same thing. It claimed this would be a temporary measure lasting a week, but two weeks have already gone by," he declared.

Uranga stated that his sector faces a severe problem because under Law 25139, which recently came into effect, mine owners must pay their workers a bonus during the first two weeks in July. "Under the present circumstances, they are not in a position to comply with this requirement," he added.

He also said that 5,000 heads of household working for duly legalized gold mining companies will be affected by this law, not to mention the thousands of small-scale gold prospectors who constitute the vast majority of miners.

This measure, he indicated, will prompt small-scale miners to sell the precious metal on the black market in neighboring countries, which will deprive Peru of foreign exchange earnings. The miners that operate legally, on the other hand, will have to close their businesses if this situation continues.

He said that it is absurd to "satanize" this activity, considering that mining in general accounts for 46 percent of the export dollars that the country earns. And this does not take into account the precious metal that cannot by law be exported.

Nevertheless, he added, in 1989 the national gold mining industry produced more than $250 million in foreign exchange for the country, because it must be kept in the form of gold ingots in the basement of the Central Reserve Bank.

Moreover, he indicated, gold production has increased from three tons in 1979 to 19.3 tons in 1990, thanks to a gold promotion law passed 10 years ago.

On the other hand, when asked about the accusations that miners are speculators and are responsible for fluctuations in the dollar, Uranga responded that their income is barely enough to cover operating costs.

He pointed out that they have only a tiny profit margin, which makes it impossible for them to be blamed for any variations in the informal dollar rate.

Uruguay

Foreign Minister Urges East-South Dialogue

PM2008113290 Stockholm DAGENS NYHETER in Swedish 14 Aug 90 p 8

[Report on interview with Foreign Minister Hector Gros Espiell by Anders Bolling in Stockholm; date not given]

[Text] Changes in our habitual patterns of thinking about the world order must keep pace with with the enormous political upheavals in the world. It is time to add a dialogue between South and East to the dialogue between rich and poor nations.

These are the views of Uruguay's new foreign minister, Hector Gros Espiell, who is currently paying an official visit to Sweden.

He said that there are many parallels between the current process of democratization in Eastern Europe and the one that has been going on for some years on his own continent, Latin America, and is beginning in other parts of the Third World.

"It is true that the communist dictatorships were different from Latin America's totalitarian regimes, but what resulted from them—a devastated economy and the suppression of human rights—was the same in all important respects," Gros Espiell said.

The Uruguayan foreign minister is chairman of the Interamerican Court of Human Rights. He has long been active on issues of international and constitutional law, and recently his interest in Eastern Europe resulted in a book about last winter's dramatic changes to governments there.

"The countries of Eastern Europe are now seeking suitable routes to democratic societies and functioning economies—as our countries are doing. The distance between East and South in economic development is not that great, and increased trade between the Third World and the old communist states would benefit both sides. This is something that the Western world should realize and support. Here you have an important role to play."

In December Gros Espiell will have an opportunity to advocate these new contacts in international trade. He is head of the ministerial committee of GATT's current round of negotiations—the so-called Uruguay round—which will meet in Brussels in December.

Judging from the reports in the media, it often seems as if world developments only take place in one region at a time. At present Europe is the hub around which everything else seems to revolve. Latin America—perhaps the media's hottest continent 10 years ago—has been overshadowed.

"There is absolutely no reason for us to be worried by the fact that Latin America is not getting the biggest headlines at present," Gros Espiell said.

"On the contrary, it is excellent that interest is concentrated on Eastern Europe, since our processes toward democracy are parallel. Unfortunately the West is not fully aware that this is the case. And this is not only the fault of the media; political scientists and historians are also responsible for the fact that attention is fixed on one region at a time."

Perhaps the cooling of interest in South and Central America is not only due to a shift toward "hotter" regions. Perhaps the continent has been left on one side in the belief that political calm has established itself after the democratization process of the eighties—there is not a single military regime left in the former "dictators' paradise."

How well established are the new democracies? Is the power of the military now definitely played out?

"It would be wrong to say for sure that the deep political crises are now over. Latin America is in the middle of a period of strengthening its new political democracy. In the short term there is no reason for concern, but if we do not resolve the social injustices—which in some places are enormous—or develop stable economies this stability could be upset at any time."

Hector Gros Espiell mentioned a couple of specifically Latin American problems which he considers to be acute: the drug trade and terrorism. In his view there is also reason to feel concern over how the weak transitional governments in Peru and Nicaragua will manage and what will happen to communist Cuba.

"All the countries of the continent should work together to shore up the fragile democracies. And completely without interference from other countries."

Gros Espiell's own country, Uruguay, was once called the "Switzerland of Latin America" because of its relative affluence in its part of the world. It was also called South America's first social democratic country. In the early 1900's far-reaching social reforms had already been carried out. Democracy seemed to be taking root.

But after a lengthy period of economic stagnation and increased political unrest the military seized power in 1973. There followed 11 years of dictatorial rule that was hardly less brutal than other military regimes. Political refugees were scattered throughout the world; around 2,000 came to Sweden.

Some nine months ago Uruguay's second free elections since the fall of the dictatorship were held and most refugees have been able to return.

"The Uruguayans have a strong belief in democracy and I believe that it is now firmly established in my country. Our neighbors, Brazil and Argentina, find themselves in a different situation since, unlike Uruguay, they did not have well developed democratic institutions from before," Hector Gros Espiell said.

"The military is not entirely out of the picture. But it shows respect for current political power and has not taken any action to indicate that it wants to take over.

"At the same time it is a long process to full democracy. It is not simply a case of holding elections; daily involvement on the part of all citizens is required. We must not suppress the memory of the 11 years of dictatorship, and hopefully we have learned how we can avoid a repetition of them."

As in Argentina and Chile, an important factor in the 1984 fall of the military in Uruguay was the collapsing economy. The Uruguayans have slowly begun to bring order to their finances in their trade with the rest of the world ("and we have never been a day late in paying the interest on our foreign loans," the foreign minister pointed out).

Since the Blanco party took over the government in March this year, a start has been made on a thorough overhaul of the very structure of the country's economy. Like practically everywhere else in the world, industry and commerce are to be liberalized and deregulated. These will be major changes: The involvement of the state in Uruguay's economy is greater than the Swedish state's involvement in the Swedish economy. For example, all insurance is state-run, as is the extraction and refining of oil and the manufacture of alcoholic drinks.

But according to Hector Gros Espiell, the social content of the state's activities will not be abandoned in these changes.

"No, not at all. In order to be able to distribute resources among the various groups in society you have to have something to distribute. And with the huge bureaucracy and the unacceptable level of inefficiency that we now have in the state machinery there is not much left over.

"These ideas arise sooner or later in all modern societies, regardless of ideology. That is something we are seeing today. I believe that ideological dogmatism in this field is now dead."

On Monday [13 August] Gros Espiell met with Swedish Foreign Minister Sten Andersson to sign an agreement on scientific and academic cooperation between Sweden and Uruguay.

He will also meet with Immigration Minister Maj-Lis Laow and Foreign Trade Minister Anita Gradin during his visit. The trade between the two countries is very small, but Uruguay is very interested in increasing its exports of agricultural produce to Sweden. Swedish deregulation of meat imports could lead to Uruguayan chops at a fifth of today's prices.

Venezuela

Perez Says Oil Production Increase Definite

PA2108011690 Caracas Venezolana de Television Canal 8 in Spanish 0000 GMT 21 Aug 90

[Text] Saudi Arabia suffered a big setback in OPEC when it was announced in Vienna that the special meeting requested by Saudi Arabia would not be held because of a lack of support.

In Cantaura, Anzoategui State, President Carlos Andres Perez categorically stated that Venezuela would increase its petroleum production when an agreement is reached in the organization within the framework of the meeting of the consultative group to be held in the next few days.

[Begin Perez recording] The position has been to maintain, as much as possible, the prices set by OPEC, preventing a violent hike in prices. Such a rise would mainly harm developing countries that do not produce petroleum and it would not really benefit the petroleum producing countries. Secondly, we want to guarantee to the world the export quota OPEC has committed itself to bring to the world petroleum market. [end recording]

Meanwhile, Eduardo Fernandez, secretary general of Copei [Social Christian Party], said at the party's national committee meeting that Venezuela is losing 500 million bolivares each day because of wavering on the petroleum policy.

After briefly greeting everyone, Fernandez went straight to the point, stating that Venezuela loses 500 million bolivares per day due to the government's wavering petroleum policy. The Copei secretary general said it is essential that crude oil prices be increased.

[Begin Fernandez recording] We must increase production for three reasons: First, to defend prices so that they will not skyrocket, because if they do, this would be bad for everyone,and it could cause worldwide economic collapse. Second, to defend the markets. Venezuela has the right to defend its markets, and the best way to defend them is to honor our tradition of being a dependable and reliable petroleum supplier in times of peace and war. Third, to guarantee advantages for Venezuela, because this may be our last opportunity to take advantage of the strategic value of Venezuelan petroleum. [end recording]

* Polls Reveal Presidential Hopefuls, Discontent

* Caldera Favored

90SM0202A Caracas EL UNIVERSAL in Spanish 11 Jul 90 p A12

[Report by A.J.T.]

[Text] Rafael Caldera, according to an opinion poll recently conducted by the firm Gauss Internacional in the metropolitan area of Caracas, would win the elections if they were held today. The sample of 572 respondents were asked about a hypothetical contest pitting the former president against Eduardo Fernandez and Luis Pinerua Ordaz.

Taken last June, the survey takes into account the sex, age, and socioeconomic level of the respondents. Subjects were selected in a simple random sample within the confines of the capital city limits. Gauss Internacional asked the respondents how familiar they were with the three politicians, how closely they identified with them, how well they thought each candidate could carry out the duties of the president of the republic, and which candidate they would choose for the job.

In response to the question, "How well do you know each of the individuals I am going to name?" Pinerua Ordaz was "well known" by 51 percent of the 572 people who were interviewed and "not well known" by 47 percent. The result suggests that "although a majority know him rather well, the intensity of this familiarity is not very high." Fernandez has a similar rating to Pinerua's, with 47 percent ranking him as well known and 53 percent saying they do not know him well. The responses were more favorable to Caldera, with 77 percent rating him as "well known."

As for identification, both Pinerua Ordaz and Fernandez are rated at less than 50 percent (little identification), while 58.87 percent said they identified closely with Caldera. In other words, the public identifies more closely with the former president.

In answer to the question, "To what extent do you feel he is qualified to carry out the duties of president of the

republic at this time?" Pinerua received 58.51 percent and 35.22 percent in the "less qualified" category, compared to 13.21 percent in the "more qualified" category. Fernandez was rated as "less qualified" by 51.17 percent and "more qualified" by 43.65 percent. As for Caldera, 37.42 percent consider him "less qualified" and approximately 60 percent regard him as "more qualified."

When asked, "If the presidential elections were held today, whom would you choose?" Of those interviewed, 48.80 percent chose Caldera and 31.37 percent opted for Pinerua Ordaz when those two were pitted against each other. Some 20 percent of those surveyed did not prefer either candidate. When the contest is between Caldera and Fernandez, the former president obtains 53.94 percent of voter preference, while 24.77 percent prefer the general secretary of the Social Christian Party (COPEI). No choice was made by 19.44 percent of those interviewed. When Pinerua is pitted against Fernandez, the former is preferred by 37.24 percent, the latter by 37.79 percent.

Gauss Internacional, in its analysis of the data, concludes that Rafael Caldera is the best known politician among Venezuelans. He is identified most closely with the people and is regarded as the most qualified. Consequently, from the standpoint of voter preference, he would win presidential elections if they were held today. It should also be noted that the survey indicates that as a candidate for COPEI, Caldera would defeat Pinerua if he were selected to represent Democratic Action (AD). As an independent candidate, he would defeat both Pinerua and Fernandez.

• Opinion on Various Issues

90SM0202B Caracas EL UNIVERSAL in Spanish 9 Jul 90 p A1

[Report by Ricardo Escalante]

[Text] An opinion poll conducted in the metropolitan area of Caracas for the AD National Secretariat of Organization has yielded results disturbing to AD and COPEI.

The field work was conducted after the AD National Steering Committee (CDN) decided to absolve those who had been expelled from the party by the Ethics Tribunal.

The responses to the questions regarding the CDN's decision indicated rejection of the move.

In this regard, a large majority, 85.4 percent, expressed disagreement with the revocation of the rulings of the AD internal court.

The survey, part of which was obtained by EL UNIVERSAL, was delivered to Luis Alfaro Ucero in the middle of last week.

In general, the poll reveals a very low level of support for the political parties and suggests that the population is not happy with their performance.

Practically one-half of those polled indicated that they had no preference for any political organization.

AD is in outright decline, having plummeted to third place. It is now below the Movement Toward Socialism (MAS) and COPEI, and is very close to Cause R.

The MAS is in first place, with 17.3 percent, followed by COPEI with 14.3 percent; then comes AD with 12.3 percent, and Cause R with 11.3 percent.

More than half of those surveyed, 53.2 percent, believe that AD may split up.

When asked who is responsible for this split, the respondents gave the following answers: all AD members, 37.3 percent; Jaime Lusinchi, 11.5 percent; Carlos Andres Perez, 11.3 percent.

The events that have taken place in AD are seen by more than half of those interviewed (54 percent) as a fight between honest and corrupt party members.

Nearly half of those interviewed (49 percent) claim to be independent and have no preference.

Despite the criticism or discontent with the present performance of the parties, 64 percent expressed faith in democracy as a system of government.

In this connection, 70.5 percent believe a coup in Venezuela would be an adverse development.

Opinions regarding the governments this country has had in the last 32 years appear divided. In the general evaluation, 35.3 percent rated them as good, 30 percent said they were fair, and 32.5 percent considered them bad.

Nearly half the respondents, 44.8 percent, blame the current crisis on the previous government.

The Venezuelan Federation of Associations and Chambers of Commerce and Industry (FEDECAMARAS), the Confederation of Venezuelan Workers (CTV), and the political parties have a negative image, according to the survey.

FEDECAMARAS has a negative image for 53.8 percent of those polled; CTV is viewed unfavorably to a slightly lesser extent, by 49 percent; and the parties in general have a negative image for 81 percent of the respondents.

The Armed Forces have a positive image for 64.6 percent of those interviewed; the Church is viewed positively by 60.6 percent.

Evaluation of Government

The problems most often cited by the population of Caracas are the high cost of living, the lack of personal security, unemployment, and corruption.

The figures are as follows: cost of living, 82.3 percent; lack of personal security, 55.8 percent; unemployment, 35.7 percent; and corruption, 32.5 percent.

The country's prospects are negative both in the short term (65.8 percent) and the long term (47.8 percent). There is some optimism for the long term, however.

Two-thirds of those surveyed (65.5 percent) believe they are worse off now than a year ago. Nevertheless, the majority of Class A (61.5 percent) and Class B (58.9 percent) believe that their personal situation will improve in the future.

The evaluation of the government's political-administrative performance is unfavorable.

The performance was rated as negative by 61.8 percent of the respondents; 36 percent rated it as positive. The majority of those interviewed (44 percent) expressed the opinion that this government is doing a better job than its predecessor, however.

The high cost of living (cited by 56 percent), the rise in gasoline prices (22.8 percent) and President Perez' frequent trips abroad are said to be the government's main shortcomings.

Its principal accomplishments are the food grant (19 percent) and the refinancing of the foreign debt (17.5 percent).

Politicians

The respondents said they would vote as follows if the presidential elections were held today: Eduardo Fernandez, 8.3 percent; Rafael Caldera, 7.8 percent; Luis Pinerua Ordaz, 4.3 percent.

Among the possible preliminary candidates for AD, Luis Pinerua Ordaz (25.8 percent) and Claudio Fermin (17.3 percent) were mentioned most often.

The possible preliminary candidates for COPEI include Rafael Caldera (24.3 percent), Eduardo Fernandez (23 percent), and Oswaldo Alvarez Paz (18.8 percent).

For the MAS, Carlos Tablante was mentioned most often as a possible preliminary candidate (31 percent), followed by Teodoro Petkoff (29.5 percent).

Among independents, Jose Vicente Rangel was named by 27 percent of the respondents, Italo del Valle Alliegro by 21.5 percent.

Those most often ruled out as presidential candidates are Eduardo Fernandez (11.5 percent), the AD candidates in general (10.5 percent), and Luis Herrera Campins (8.3 percent).

Guyana

IDB, Government Launch Health Care Project

FL1708175290 Bridgetown CANA in English 1724 GMT 17 Aug 90

[Text] Georgetown, Guyana, August 17, CANA—Guyana's U.S. 33 million dollar health care project backed by the Inter-American Development Bank (IDB) is underway. Prime Minister Hamilton Green who has ministerial responsibility for health, told journalists at a press conference here, that Guyana was now eligible for disbursement of the loan funds and had just received its first drawdown of some 300,000 dollars.

Green also disclosed that two consultant firms contracted to provide technical assistance under the project had begun their consultancies. Within a few weeks another 200,000 dollars will be released to finance part of the drug and medical supply needs of the public health sector for years one and two of the project.

The project, being referred to as Health II, has seven main components, the key one being the construction of an ambulatory care, diagnostic, and surgical centre at the country's main hospital, the Georgetown (Public) Hospital. This centre will provide for the replacement and consolidation of outpatient services, and replacement of existing major and minor surgical theatres with new facilities among other improvements.

There is also provision for technical assistance for the strengthening of the management, communications, information and maintenance systems and for the training of medical, technical, and administrative personnel. The project entails the extending of the Georgetown Hospital compound, the demolishing of a number of buildings, the rehabilitating of some others and construction of new structures. Some of this work has already been completed.

Green said that Smelt Global Project Management of Yugoslavia, had been contracted to provide consultancy services in project execution and hospital operation while the American firm, Devres Inc. providing these services for the institutional strengthening of the Ministry of Health and the Georgetown Hospital. Together, the two contracts are worth some 3.8 million U.S. dollars. Green also announced the appointment of Dr. W.I. "Bud" Lee, considered one of the region's leading surgeons, as the medical technical specialist on the project.

The prime minister said that a number of changes would be made shortly in the top medical administrative structure at the Health Ministry. He said the impending changes were intended to strengthen the system to push the programme. The project is scheduled for completion in 1993 and while the IDB will provide 29.7 million dollars—27.9 million dollars as a loan and 1.8 million dollars as a grant—the Guyana Government would provide the balance.